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Editorial AS WE SEE IT

"Industrialization!" It is a word to conjure with in many parts of the world today where people are still "backward." Or, possibly, it would be more accurate to say among those who take it upon themselves to make over large sections of the globe more to their liking. Mr. Castro has recently announced his intention of industrializing Cuba, and, following a visit by Mr. Mikoyan of Russia, has asked the rank and file of the proletariat to contribute a sizable portion of their earnings to finance this industrialization. This seems to suggest that the Cuban dictator has been impressed with the success of the Soviet system of enforced austerity as a means of providing the capital required for the process of developing a broad industry.

But this worship of industrialization is by no means confined to Cuba. We hear of it in various forms almost the world over. There is much of the same sort of notion in what is being said throughout most of Latin America today as President Eisenhower tours that part of the world. It would be well if a somewhat more realistic approach were taken toward this matter of converting a so-called backward country into a great industrial complex of the sort so familiar to the citizens of this country. Since Latin America is so much in the limelight, at the moment, it should be quite useful to analyze what is being said in that part of the world as an example of the lack of realism which so constantly characterizes current discussion, and, worse yet, some of the current plans for proceeding with the task.

Why?

We may begin by asking how it happens that Latin America is not already industrialized. By and large these countries are rich in natural resources, and are in other ways well endowed by nature with those things which make industrialization feasible. They have long been settled by Europeans just as was the United States. Yet as compared with the United States all of them have to be regarded as "backward" coun- *(Continued on page 26)*

Leading Financial Questions Discussed in Washington Today

By Herbert M. Bratter, Washington, D. C.

Writer explores the feasibility of the auction and fixed-price technique in selling Treasury securities, and the latest Congressional and Treasury thinking on the subject of obtaining the lowest possible rate. He sums up Congressional criticism and Treasury defense of debt management and interest rate policies being pursued. This includes compromise ceiling-lifting formulas on government bonds, and the latest Joint Economic Committee proposals for the FRB and Treasury. The author, also, presents a lengthy refutatory analysis of auction method and, lastly, stresses the advantages of asking the advice of advisory committees.

During recent months Treasury officials have been deluged with questions from Congressional critics on debt management and the interest rate. In the course of personal appearances before the Joint Economic Committee and the House Ways and Means Committee Secretary Robert B. Anderson has been cross examined at length by committee members, notably Congressman Wright Patman (D., Tex.), Senator Paul H. Douglas (D., Ill.) and Congressman Henry S. Reuss (D., Wis.). Moreover, the Secretary has been called upon to answer literally dozens of detailed and often voluminous questions on Treasury and Federal Reserve policies and opinions. The replies to most of these interrogatories—some in the form of short essays—have now been published. At this writing an additional instalment of questions from Mr. Patman is receiving Treasury attention.

Herbert M. Bratter

The activities of Congressional Democrats suggest that in this election year they see in the interest-rate question and associated topics grist for the political mill. As Congressman Patman, a leading member of the House Committee on Banking and Currency and Vice-Chairman of the Joint Economic Committee, put it the other day in a floor speech:

"The whole history of the two political parties, the one basic and unchanging difference between them has been—until now—in their fundamentally different attitudes and policies toward money and interest rates. From the time of Andrew Jackson's Administration, and long before, the Democratic Party has stood, if for nothing else, for making money widely available to the people of this great land so that they may work and produce the material things of life and build for the future."

Widely-available money, to which Mr. Patman refers, means plentiful money, easy money, low interest rates. It is the thesis of the Democratic critics that money has been made high-priced, interest rates raised, by the Administration since 1953, if not deliberately, then directly as a result of official policies. For the purpose of the critics the word "Administration" embraces not only the White House and the Treasury, but as well the Federal Reserve Board, notwithstanding the fact that the latter independent agency is bi-partisan and is actually headed by a Democrat. Ever since 1953 it has been the claim of prominent Democratic critics of monetary and fiscal policies that "tight money" has been pursued in Washington for the purpose of helping the banks.

During recent months, therefore, attention has centered on the Treasury's request for Congressional removal of the 4¼% ceiling governing the coupon on Treasury bonds. The ceiling, which dates from 1918, has greatly hampered the Treasury in managing the public debt, forcing it to concentrate its new offerings in short maturities of less than five years, because lenders have been unwilling to take long-term issues at par with only a 4¼% coupon. The Treasury, of course, forcefully rejects the allega- *(Continued on page 22)*

PICTURES IN THIS ISSUE: Candid photos taken at the 38th Annual Mid-Winter Dinner of the Investment Traders Association of Philadelphia appear in today's PICTORIAL SECTION.

The Security I Like Best . . .

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

PETER A. DRURY
McDonnell & Co., Inc., New York City
Members of New York Stock Exchange

Cenco Instruments Corp.

As America's number one supplier of scientific equipment to educational institutions, Cenco will benefit tremendously from the passage of the National Defense Education Act. Under the provisions of the Act, Congress and the states participating in the program are expected to make available to the nation's elementary and high schools between $300 and $400 million, the major portion of which will be spent on equipment for school laboratories.

Peter A. Drury

In fiscal 1959 (ending April 30), Cenco sales reached $15 million and the company earned 72¢ a share. Management has estimated fiscal 1960 earnings at $1.20 a share and sales of $21 million. Three years from now, I expect a sales rate of approximately $50 million and, assuming a conservative 6½% net after taxes, per share earnings of $3.25 on the one million shares presently outstanding, and to continue growing with the great stress on science education and intense population growth of the country.

Educational Market

Cenco dominates this market doing 40% of total business and the market should expand considerably as more and more schools receive funds under the Education Act. The Act specifies that equipment purchases be made only from old established firms long in this field, because Congress feared that the announcement of a program of this size would encourage unreliable operators to try their hand at the business. Cenco, which can trace its origin back to 1888, is one of the oldest, if not the oldest, company operating in this area.

Cenco alone in this industry has a nationwide sales and service organization. It is staffed by many former science teachers and engineers, knowledgeable about the products they are selling; they understand fully the problems a teacher faces when he considers the purchase of new equipment. Cenco's competitors, who use local distributors, face the problem that anyone who uses the setup does: questionable distributor loyalty, unfamiliarity with the product, and in many cases a lack of aggressiveness that characterizes a company employed salesman. Elementary and high school systems, with very little equipment buying experience, because of previous lack of funds for such purchases, have placed their faith in Cenco, requesting that the company in many cases set up their buying programs to use Government money more effectively. A further tribute to Cenco came from the American Society of Science Teachers which asked the company to devise a means of demonstrating certain scientific phenomena on a classroom basis, after the Society had tried unsuccessfully to do so. Cenco solved the problem, the result being the Cenco equipment will probably be prescribed in all Society text books dealing with these demonstrations.

Testimony before the Senate Educational Committee brought out the fact that the universities of America will spend more than $240 million for additional science buildings during the next three years. Cenco is gearing itself to be able to supply these universities with the necessary science equipment such an extensive program will require.

Foreign Business

Cenco's new 27,000 square foot plant in Breda, Holland was completed on Sept. 1, 1959; the city has given Cenco options on the land adjoining this plant to be used for further expansion. Now in limited production, Cenco expects an annual volume of $1 million by the end of 1960. By 1965, the company expects its European manufacturing and sales organization to equal its domestic operations in size.

Completion of the plant will increase Cenco's capacity to over $40 million annually. Location of the plant in Breda, near Holland's leading scientific institutions, gives Cenco a steady supply of scientific personnel to staff its plant as well as a listening post for latest scientific developments.

Instrument supply houses like Cenco are virtually unknown in Europe. Instruments made at the plant will be distributed in Europe, South America and in other world markets. Ultimately, Cenco expects to be able to create a worldwide business comparable to its domestic operations.

Industrial Instrumentation Market

Cenco is a supplier of laboratory equipment and supplies for industrial research and testing laboratories, and this is one of our fastest growth activities. About 40% of Cenco sales are for this purpose.

Cenco's Beta Ray, which sells for $9,750, has been found to be of tremendous value in the solid and liquid fuel industries and is being used by Aerojet-General, North American Aviation and other giants in the field. Its Moisture Meter is being used extensively in the tobacco, textile, paper and other industries. Introduction last year of Cenco's new vacuum pump gives the company the most complete line of mechanical and diffusion vacuum pumps extant; this is expected to add between 10-20% in volume to this product line which presently constitutes about 10% of total annual business.

Sales of research instruments will increase as industrial companies spend more and more dollars on their research budgets. Where companies used to boast about spending 3% of sales on research, the typical percentage is now between 5-8% for technically oriented businesses.

Management, this past year, began an active acquisitions program, absorbing in February, Atomic Laboratories, a producer of atomic gear, and Soiltest in late June. Soiltest develops and sells instruments for testing the quality and condition of soils, concrete and asphalt; has an annual volume of approximately $2½ million, and is expected to contribute about 15¢ to fiscal 1960 earnings. Further acquisitions will be made. Cenco management has minimized research and development expenditures by establishing working agreements with several oil companies under which these companies permit Cenco to market new instruments developed in their laboratories in return for a royalty fee. Standard Oil of Indiana, Phillips Petroleum and Sinclair Oil have taken this opportunity to profit from Cenco's manufacturing and merchandising ability in the instrumentation field. Cenco is thus able to participate in the roughly $50 million research programs of these companies and can offer its customers a steady stream of new products. The Gravitometer, which is scheduled for introduction in mid-1960 resulted from its arrangement with Sinclair.

Financial

During the first half of fiscal 1960, Cenco earned 55¢ a share, compared with 40¢ in 1959. Sales in the concern's second fiscal quarter were $6.2 million, compared to $4,520,000 in 1959.

Year—	Sales (Mil.)	Earned per Shr.
1960	$21-22 Est.	$1.25 Est.
1959	15.0	0.72
1958	14.8	0.64
1957	14.5	0.59
1956	12.7	0.36
1955	11.8	0.28

Capitalization

Long-Term Debt: $2,250,000 5⅛% Debebntures of subsidiary due $100,000 annually to 1963; $125,000 annually to 1964-68; $175,000 in 1969-72; and $425,000 on May 1, 1973.

Common Stock: 1,005,957 shares —Approximately 30% management owned or controlled.

MORRIS PECKMAN
Ladenburg, Thalmann & Co.
New York City
Members New York Stock Exchange

Victor Products Corporation

For an investor looking for growth, or a speculator for capital gain, the vending machine industry would seem to be an idea situation. A substantial increase in the volume of sales is expected to continue because the industry caters to the mass consumer market selling products that are practically considered necessities and are low in price. The use of automatic vending machines has been growing rapidly and the vending industry, in 1958, had retail sales of over $2 billion. Up to the present time the industry has been restricted to sales of items retailing at less than $1. Now it appears that the field of articles to be offered for sale can be expanded to higher priced items such as cosmetics, dry goods, etc. because of the recent introduction of $1 and $5 bill changers to be used in vending machines now being manufactured by another company.

Morris Peckman

A fertile field opening up is the food serving field. Many industries and commercial estab-

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(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

This Week's Forum Participants and Their Selections

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Victor Products Corp. — Morris Peckman, of Ladenburg, Thalmann & Co., New York City. (Page 2)

Impressive Trends Ahead For Electrical—Electronics

By Don G. Mitchell, President, General Telephone & Electronics Corp. and Chairman of the Board, Sylvania Electric Products Inc.*

Leading industrialist previews challenges and opportunities in the electrical-electronics industry. Mr. Mitchell refers to the doubling of electric power consumption every decade and anticipates the 700 billion kwh. figure in 1959 will trend toward a trillion-and-a-half in 1970 and 3 trillion in 1980. As for the tremendous impact of electronics upon our lives since World War II, the industrialist charts the big untapped reservoir of possibilities offered by the commercial and industrial market. He assures the reader that the potential promised by electronics "isn't a dream," is particularly intrigued as to how electronic data processing will relieve the businessman from being inundated by mountains of paperwork and, in concluding, calls attention to the prerequisite need for a favorable business climate.

Although a light bulb is a great deal different from a telephone, and an electronic tube or a television set may not resemble automatic telephone switching equipment, and a radar system isn't like automatic toll ticketing, they all have one thing in common and wouldn't get very far without it — that one thing is a phenomenon known as *electricity*.

Don G. Mitchell

No matter how different our operations may be, all of us in the industry have a common bond—whether our product is electric apparatus, or electric power, or telephone service, or communications equipment, or television. I don't know of any common bond in technology that could be stronger or more vital than electricity.

In observing National Electrical Week we are, of course, more specifically, honoring the birthday of Thomas Edison, who was born on Feb. 11, 1847, over in Milan, Ohio, and who died in 1931. Generally recognized as the greatest inventor in history because his inventions exerted so profound an influence on our daily lives, Edison in a very definite way symbolized the diversity and complexity of the industries whose lifeblood is electricity. Think for a moment of the amazing variety of his inventions — the dynamo, the storage battery, the telephone transmitter, automatic repeating telegraph, the first practical incandescent lamp, motion pictures, the phonograph, electric railways, and we could spend the rest of the afternoon citing his many other brilliant achievements.

And yet "the wizard of electricity" was practical enough to realize that genius alone doesn't guarantee progress—and certainly didn't produce single-handedly the electrical industry and all the industries which have emerged from it. Progress in a great industry—the progress that is so evident today and which will be projected far more broadly in the future—evolved from monumental and painstaking work on the part of millions of people. That is what Edison had in mind when he said "Genius is about 2% inspiration and 98% perspiration."

The act of turning on an electric lamp, or making a telephone call, or operating an electric appliance, or turning on your television or radio set has become so commonplace that we tend to forget that behind all of these activities is a complex of industries that reach everywhere and touch virtually every aspect of our lives.

Early Ingenuity

If you were to look back over the years and review the achievements from which this industry was born, you would be amazed at the ingenuity behind some of those early developments . . . the work of pioneers like DuFay and Farraday, and Volta and Ampere, whose names, of course, became part of the technical vocabulary. And then as you reviewed the 1880's and 1890's you would see the names of George Westinghouse, and Charles Brush, and Frank Sprague, and William Stanley, and James Jenny, and Gus DeLaval — and Thomas Edison. When you try to sum up the work of these pioneers, you need only say this: They took electricity out of the laboratory workshop and *put it to work* — and it has been working at greater and greater speed, and with greater and greater magnitude, ever since.

I am sure that many have noticed that a certain pattern of activity becomes increasingly evident as you explore the development of any large industry — and it is particularly true of the electrical industry or any other technical industry. First, there is the accumulation of basic information, not only the specific knowledge in a given area, but broad and fundamental knowledge in physics, chemistry, metallurgy, and so on. Formally and informally, very frequently quite accidentally, this information is applied. It is put to work to solve some old problem, or perhaps it ends up by unearthing some new problem you didn't even know existed. These new ideas and new ways of doing things enable some person or some community or some company to do something it has never been able to do before. And then the feedback process begins. The end user of the new information broadens his own concepts, and communicates back to the source —and the net result is that the state of the art broadens and improves again and again.

In other words, as a need is ful-

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*Column not available this week.

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Financing Corporate Growth

By Dr. Paul M. Van Arsdell, Head, Department of Finance, College of Commerce & Business Administration, University of Illinois, Urbana, Ill.

Financing expert analytically recapitulates how we have been financing corporate growth, and opines the outlook is favorable for creditor and equity financing providing profitability—or productivity—is sustained and savers are assured against purchasing power erosion. The author explains why past 13 years' preponderant debt over equity financing has not resulted in excessive debt and can be expected to continue despite recent shift in stock-bond yields; finds fixed financial charges have been amply covered by aggregate earning power; and warns that even though depreciation is a rising source of corporate funds it should not be confused with business expansion.

The essence of our business financing is the provision and administration of the capital funds for the needs of private enterprise operating under the profit system. Thus, the problem involves not only determination of the proper amount and utilization of capital funds, or assets, but also determination of the proper sources of such funds. Enterprise capital is obtainable from two principle sources, (1) ownership, or proprietary investment and (2) creditorship obligation. In the business corporation the owners' equities are in the form of capital stock and surplus, the surplus resulting primarily from retained profits. The creditorship claims against the business corporation are of course senior, or prior, to those of the stockholder-owners, and are in the form of contractual obligations which usually require payments of principal and interest at fixed times and in fixed amounts. Creditorship obligation may be long-term as with 15-year bonds, intermediate-term as with 1-5 year bank loans, or short-term as with merchandise accounts payable in 60 days, six-month bank loans, income tax payables, and accrued salaries and wages payable. In view of the seniority and fixity—both as to principal maturity and contractual interest — of creditor obligations, they involve a financial risk not incident to stock claims, or equities, since the latter do not have principal maturities and do not give fixed claims against enterprise earnings.

Paul M. Van Arsdell

In view of the greater financial risk in obtaining capital funds through fixed obligations, financial analysts traditionally have insisted that this source of business assets be limited. In general, the principles of limitation of enterprise debt stress two fundamental relations, (1) the relation of the principal of the debt to the assets, and (2) the relation of the interest charges to the earnings. In these two bases, assets and earnings, the business debt is protected—or is left unprotected. Of the two bases, modern financial analysis emphasizes the earnings basis as the more important. Indeed, the enterprise assets themselves have value—and hence give protection against claims—only insofar as they are supported by earning power.

Recommended limitations on business borrowing vary, of course, from one industry to another and from one company to another. To facilitate the inquiry here, however, perhaps it would be reasonable to accept two principles as **general** criteria in enterprise financing:

(1) Debt principal should not exceed 40% of total tangible resources or assets;

(2) Fixed financial charges (as interest on bonds or notes payable) should not exceed 40% of net earnings after allowances for depreciation and income taxes.

Obvious corollaries to these standards follow. If 40% is accepted as a **maximum** ratio of debt to assets, then 60% becomes a **minimum** ratio of ownership or stock equity to assets. By the same standard the **minimum** ratio of ownership or stock equity to the debt becomes 150%.

Thus, a company with total assets of $10,000,000 and annual net corporate income of $500,000 should not incur indebtedness of over $4,000,000, assuming 5% interest on the debt. If the management of this company could increase the earnings level to $800,000 annually, the difference between the 8% earned on the $4,000,000 of borrowed capital and the 5% rate of interest cost would augment the stockholders' return to 10%. In view of the ever-present business and financial risk in our dynamic economy, however, the possibility that earnings might go to a lower level must be recognized. If earnings of this hypothetical firm dropped to a level of $200,000 annually, the fixity of the 5% interest cost on the debt—the leverage factor—would leave nothing as stockholder profits, a proprietary investment return rate of zero. The ownership or stock equity then becomes a buffer or shock absorber for business reverses and for protection of creditor claims.

Corporate Growth—Past and Prospective

In terms of dollar assets the business record since the end of hostilities of World War II has been one of tremendous growth. Aggregate dollar assets of the Class A and B electric utilities increased by about 150% and of the Bell Telephone System by about 275% from the end of 1945 to the end of 1957. Available data indicate comparable expansion in dollar resources of manufacturing enterprises. Actually the financial reports of the Securities and Exchange Commission and the Federal Trade Commission show that the aggregate of manufacturing company assets at the end of 1958 exceeded by 108% such resources at the end of 1948. A distinction is warranted, of course, between expansion in dollar resources and expansion in physical resources. A discount factor for the inflation characteristic of the postwar period is imperative if growth in real output is the point of question. Nevertheless, that very inflation has augmented the dollar requirements of enterprise, and must be taken into account along with physical expansion in an inquiry into money sources.

Future expansion of dollar assets is, of course, an integral component of our progressive society. With significant advance in product and service volume, consumer spending is expected to be extended. Inventories need to be enlarged to serve a mounting general level of volume as well as to replenish stocks depleted during the longest steel strike in history. The staff of the National Securities and Research Corporation projects outlays for new plant and equipment in 1960 at some $36.7 billion, more than 12% above the 1959 level.[1] Defense spending seems likely to continue in heavy aggregates, and state and local expenditures for educational facilities, hospitals, highways, and other community needs are expected to contribute to the near-term prosperity.

The outlook is not without some dampering considerations, however. Agricultural prices are slipping, and farm income, down last year an estimated $1.2 billion to $33.4 billion, is expected to shrink further in 1960. New housing starts are thought in some quarters to be likely to register

[1] *The 1960 Forecast*, December, 1959.

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The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

Bank Clearings Up 5% Over Same Week Last Year

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle" based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, February 27, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 5.0% above those of the corresponding week last year. Our preliminary totals stand at $22,779,244,740 against $21,686,833,348 for the same week in 1959. Our comparative summary for leading money centers during the past week follows:

Week End. Feb. 27—	000 omitted 1960	1959	%
New York	$11,780,061	$11,173,895	+ 5.4
Chicago	1,065,750	1,093,236	— 2.5
Philadelphia	984,000	970,000	+ 1.4
Boston	650,835	611,915	+ 6.4

For a detailed summary of bank clearings in the U. S., refer to the Statistical Edition of the "Chronicle," issued Mondays. For this week's summary for the leading banking centers, refer to page 45 of the Feb. 29 issue.

Steel Market Bolstered By Sudden New Demand

A secondary wave of demand is bringing a minor tide of new business into steel sales offices, "The Iron Age" reports. The effect is a bolstering of the market which only two weeks ago looked much more shaky.

The new orders are generally from small users who have stepped forward to fill in most of the space left by cancellations and deferments.

The national metalworking weekly says this does not change the overall market significantly. But it does stabilize it by minimizing the effects of current cutbacks—principally by automakers.

With the new order volume up slightly, attention focuses on the complex relationship of steel shipments, orders and consumption.

New orders are still below shipments, which remain at capacity. But consumption by users is apparently well ahead of new order volume. This means a continued inventory building, but at a slow rate.

At the same time, the magazine comments, most steel users are working on a good rate of orders for their own products. This means a high rate of production at least through April and well into May. At the same time, there is less chance of a major inventory buildup in the first half of this year.

"The Iron Age" says the new surge of orders points out a factor that many overlooked, probably because of over-emphasis on the plans of the automakers. This is the simple fact that since the steel strike many fairly large steel users had not been able to get all the tonnage they wanted. Furthermore, their inventories were, and are, out of balance. Now, they are using the new opportunity to remedy that situation.

The auto steel market is still the critical factor. Deep gloom is premature, and it may be April before this market can be assessed thoroughly.

But Detroit sources warn that the auto production rate of 150,000 to 160,000 per week may drop off to 110,000 to 120,000 late this month. Certainly auto steel buyers are not committing themselves.

This is the general trend followed by other major steel users. Customers are not interested in placing May and June orders. April tonnage has come in late, but full to nearly-full operations are assured for most mills and products during that time.

Two contradictory situations now characterize the market. First is the change from a seller's market to a buyer's market. Although orders are high and operations still at a near record, the buyer is in control.

Second is the fact that many companies still need steel, both for inventory buildup and to fill holes in specific products. This is the cause of the secondary wave of buying.

February Steel Output Sets Record, Scrap Price Nosedives

Steel and metalworking production is leveling out on a high plane, "Steel," the metalworking weekly, reported.

While the zip has left the boom which followed the steel settlement, the magazine said, the outlook is for continued prosperity for a long time to come if businessmen continue to follow the conservatism in inventory buildup prevalent in the last few weeks.

Metalworking sales this year will still be 5% or more ahead of 1959's. That means records in production and sales will be set in

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OBSERVATIONS...

BY A. WILFRED MAY

OUR CUBAN DILEMMA — — AND OUR LATIN-AMERICAN BOX-SCORE

Remarkable is our continuing proclivity to belittle the serious implications of major revolutions. As we may now poignantly recall, the detailed blue-prints promulgated in advance by Lenin, Stalin, Hitler, Nasser, and the Peiping dictators, were laughed off by the democracies as bluff or fancy. Now again in the Castro-Cuba crisis, partly stemming from wishful thinking along with a strange guilt complex, rationalization is distorting the bitter facts of life.

Choosing Your Revolution

Typically, at last week's discussion of the Latin American situation at the well-attended College Editors' Conference at the Overseas Press Club in New York, in which the writer participated, some of our expert fellow-panelists described the Castro political and economic horrors as merely analogous to the early stages of the "ultimately constructive" Mexican Revolution. One adult participant (fortunately rebutted by a young sophomore) ventured analogy to F.D.R. and our New Deal. Dr. Castro's doings are further justified via self-condemnation of our alleged "imperialism," "dollar domination," "pro-Batistaness," and "all-around selfishness." Precisely as at the advent of the "idealistic anti-Chiang" Chinese communists, the appeal of Land Reform is trotted out as the excuse for expropriation, slavery, and international banditry.

Surely our Cuban problem, compounded by Soviet pressures, is entitled to exemption from the home-front back-stabbing of our foreign policy makers.

The U. S. "sugar daddy" finds himself ruthlessly robbed in return for his generosity. Seizure of private as well as business property is rife, successively increasing penalties are invoked on private properties, as ranches, by INRA (Institute of National Reform Agrarian). The estimate of U. S. investors' loss is now raised to $2 billion — surely rendering ironic Dr. Castro's diatribes against private foreign investment.

Playing Footsie With the Kremlin

And then we see our beneficiary, playing the Soviet game whole hog—as proudly announced at the time of Mr. Mikoyan's mission there, via the receipt of military equipment (barely 90 miles off our shores); a substantial trade agreement along with long-term credits at a nominal 2½% rate of book-keeping interest; the Soviet sugar purchase at 2.78 cents, a figure alike under the world price of 3 cents, the claimed production cost of 4 cents, and little over one-half the 5¼ cents shelled out by Uncle Sugar Sam. The Russian purchase, actually arranged 10 days previously, was held for a dramatic Mikoyan announcement "on arrival."

Sugar Daddy's Dilemma

Shall we be blackmailed by the Soviet threat into continuing this $100 million annual subsidy as the reward for the recipient's pilferings? Shall we be guided by the possibility that continuation of this largesse, although justified as practical political strategy to preserve the Cubans' goodwill, may give the green light to other of our creditor neighbors for similar expropriation?

Or shall we stand on the equities of the situation, and with righteous indignation cut out the sugar-buying bribe?

In our overall attitude toward Dr. Castro, shall we go along with those apologists, including our own self-designated experts, who insist that the current doings merely manifest the expectable temporary "mess" normally accompanying the conventional national revolution?

Or, on the other hand, is this upheaval essentially different from the past precedents, in harboring a Communist conspiracy? And what about the Soviets' threat to the Monroe Doctrine?

The pro-Castro pillorying of our foreign policy administrators, emanating at home, is typical of much of the comment on our continuing aid activities throughout the hemisphere — interrupted there only by the Ike Grand Tour. We hear that we are stingy, indifferent, over-zealous for the military, neglectful of the military, "practicing pageantry instead of policy" (as charged by the campaigning Senator Kennedy) etc., etc.

The "Stinginess" Score

Although, understandably, we do not follow an overall, airtight, consistent policy to meet all the economic and political demands, we surely do not rate the accusation of frugality.

Since the end of World War II we have authorized for the Latin American countries, for non-military purposes, gross credits totaling over $3½ billion and grants of $708 million. (Of this Cuba has received $36 million.) Additionally, the World Bank and International Monetary Fund, in which we are major participants, have extended loans aggregating $981 million and $1.2 billion, respectively.

Last year the Latin American republics received almost a quarter of our total extensions of economic aid.

New Aid Media

And the way is paved for an acceleration of our aid, through media recently established or projected. Our bi-laterally operating Development Loan Fund has thus far extended loans of $77 million; the Congress is being asked to appropriate $320 million to the multi-lateral International Development Association, whose "soft loan" operations will no doubt include South American borrowers. The U. S. share in the billion-dollar Inter American Development Bank is another $350 million for the bank's capital of $850 million, plus $100 million for its Special Fund of $150 million for extending "soft loans." (We have already appropriated $30 million to the bank's capital).

Whether or not additional credits will be announced in the wake of President Eisenhower's visit, we will undoubtedly be called on for future contributions to subsidize their own a-borning institutions, such as their newly-formed Common Market, embracing El Salvador, Guatemala, and Honduras, and the trade agreement unit just signed by Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay. It is expected that 12 years will elapse before the goal for the elimination of tariffs will be reached. And with the major obstacles, such as with transportation and inter-nation duplication of products, it will probably take 20 years to achieve the aim of a replica of the O. E. E. C. and the full functioning of a European Payments Union. And Latin America's probable future joining in the Dillon Plan for the coordination of overseas economic aid will also presumably require some preliminary aid from us.

The Private Investors' Score

And our private investors, too, have been (as the Rockefellers) both courageous and cooperative in furthering the development of the Latin-American underdeveloped. Their courage in assuming the strong risks of political sabotage and far-sighted patience needed to go through a long interval of return-less development (as in Brazil) should be greatly appreciated. $9 billion is the total of such investments from United States investors with $405 million arriving in 1958, and $600 million in 1959.

Swallowing Inflation

It should be realized that both our private and public funds have been delivered in the face of continuing devastating inflations; in many instances without the recipient's houses really having been put in order.

This year alone the Argentine peso has fallen another 30%, with the cost of living more than doubling, from 257 to 545. Chile, following a further living cost rise of 37% during 1959, devalued the escudero at the year-end. In Uruguay the cost of living has risen, and the currency has fallen, by 25%, each. In Venezuela, formerly regarded the citadel of wealth, 1959 brought a 10% living cost rise. Only Ecuador has achieved stability of prices and her currency.

Here again, the apologists have been stepping in with condonation of inflation as a necessary implement of needed economic development. They scoff at such "fuddy-duddies" as Reserve Board Chairman, Martin, when he explains that growth must come from savings and not via doses of credit (or from paper manufactured by Dr. Castro's printing press).

A world power's problems in fixing economic as well as political foreign policy are difficult enough in any event. But they are vastly compounded in the case of a democracy in Cold War competition with a dictatorship. In such a framework, it seems to us, we are not doing too badly!

W. M. McDonald With Harrison Co.

PHILADELPHIA, Pa. — Harrison & Co., 123 South Broad Street, members of the Philadelphia-Baltimore Stock Exchange, announced that William M. McDonald is now associated with them as Manager of their Trading Department.

Mr. McDonald was formerly trading manager for Paul & Lynch.

TAX-EXEMPT BOND MARKET

*BY GEORGE L. HAMILTON**

The market for tax-exempt bonds was easier during most of the past week as dealers finally realized that the build-up in new issue volume and secondary offerings was getting a little out of hand. During the past fortnight, the "Blue List" float of available municipals has risen from $223,000,000 to $301,492,500 on March 2.

Recent underwritings have been, with few exceptions, rather slow. The pattern of half-sold deals has continued and the use of caution in new issue bidding, rather than over competition among underwriters to buy bonds, would have been more helpful to the market.

Index Slightly Higher

The **Commercial and Financial Chronicle's** high grade state and municipal 20-year bond index is at 3.503% on March 2 as against 3.46% on Feb. 24. This represents a decline of a little more than ½ point since last week's column and marks the first rise our averages have experienced since January 6, 1960. At that time our Index stood at 3.68% and from that level it declined for seven consecutive weeks until it reached its peak of 3.469% for this year on Feb. 17. However, the improved tone of the market, as reflected in the current average, was due, in part at least, to the "lift" afforded by the rejection of bids for the Newark issue and the 11th hour postponement of the even larger New York State Thruway Authority undertaking.

The dollar-quoted tax-exempt term bonds are down on an average of a point since last week. As a group these issues have acted well during recent months. Improved earnings have led to better markets and excellent public relations by the various commissions and authorities have kept the professional as well as the average investor up-to-date on all facets of these projects.

Slow Going

A brief resume of the important recent new issues would seem in order at this time. Last Thursday (Feb. 25) two substantial issues came to market. The Alabama Education Authority sold $20,000,000 serial (1-20 years) revenue bonds to a Halsey, Stuart & Company group. Current balance is about $10,500,000. Additionally, Cuyahoga County, Ohio sold $10,460,000 various purpose bonds to a First National Bank of Chicago group. Reception by investors to this high grade issue was also spotty, with the balance being about $6,400,000 as we go to press.

"Bright Spot"

One bright spot last week was the successful placing of the $41,700,000 Elizabeth River Tunnel Authority (Virginia) bonds. This was a term offering, due Feb. 1, 2000, and the bonds carried a 4½% coupon and were reoffered at 100. The group was managed by Blyth & Company and associates. All the bonds were immediately sold and a slight premium prevailed. Present quote is 100¼ to 100¾.

Newer Emissions

The State of Michigan came to market on Tuesday of this week with an offering of $18,000,000 Grand Rapids Expressway Revenue bonds. The bonds, due serially from 1961 to 1985, were awarded to a large group headed by Smith, Barney & Company—Lehman Brothers—Drexel & Company and Harriman, Ripley & Company on their bid designating a 4.12% interest cost. The reoffering scale ranged from 3.00% in 1961 to 4.15% in 1985. The current small balance of about 2,500,000 indicates the importance of realistic pricing by underwriters.

Two interesting new issues have been awarded as we go to press on Wednesday. San Antonio, Texas sold $6,629,000 (1963-1980) serial bonds to a group headed by Chemical Bank New York Trust Co. and others. The interest cost bid was 3.66% and the scale of yields ran to 3.60% for 1980 maturity. Orders are still being taken.

The State of South Carolina awarded $5,000,000 (1961-1980) serial Port Authority bonds to a group led by Chase Manhattan Bank and associates. The interest cost to South Carolina was 3.24%. The offering scale ran to 3.30% for the 1980 maturity. There is no report on sales yet, but a good reception is anticipated.

Newark Bid Rejected

One other important issue that was scheduled to come to market in the current week failed to materialize. Newark, New Jersey received bids on March 1 for $15,000,000 general obligation serials (1-20 years). The apparent high bidder was a group headed by First National City Bank of New York and including Chase Manhattan Bank-Bankers Trust Company and associates. The interest cost was 3.93% and the projected scale of yields ran to 3.95% for the 1978 to 1980 maturity. After deliberating for two hours, city officials rejected the bid as unsatisfactory. No new date for sale of the issue was announced.

Thruway Issue Postponed

Today (March 3) two very important issues were to have been presented for competitive bidding, the most important being the $50,000,000 New York State Thruway Authority (1985-1995) State-guaranteed bonds. However, shortly before going to press, the New York State Comptroller announced that the offering had been postponed. The Thruway Authority will continue to raise funds through short-term financing until such time as the market for long-term issues becomes more attractive.

The day's other important issue involves $19,200,000 Dade County, Florida Port Authority term (1999) bonds. There are to be three groups to bid for this issue, proceeds of which are to be used to acquire certain lands and buildings and to make other improvements at the Miami International Airport. There is also the repayment of $12,000,000 of notes presently outstanding.

California Issue Imminent

The New Issue Calendar for next week (March 7-11) is again studded with important issues as a glance at our new issue calendar would indicate. There are five important large issues up for sale and all are scheduled for competitive bidding. However, the $100,000,000 State of California offering on March 9 will produce just one merged account bid, with the syndicate being managed by the Bank of America N. T. & S. A.

There is still only one important negotiated sale on the calendar and that is Dillon, Read's $100,000,000 Triborough Bridge and Tunnel Authority offering scheduled for about April 19, 1960. This issue will include both serial and term bonds, details of which have not yet been announced.

No important competitive New Issues have been added to the calendar during the past week, but numerous small and relatively unimportant issues have been accumulated. None of these issues run to more than $5 million.

*Pinch-hitting for Donald D. Mackey, who is on vacation.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.95%	3.80%
Connecticut (State)	3¾%	1980-1982	3.55%	3.40%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.65%	3.50%
New York (State)	3%	1978-1979	3.50%	3.35%
Pennsylvania (State)	3⅜%	1974-1975	3.30%	3.15%
Vermont (State)	3⅛%	1978-1979	3.25%	3.10%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.50%	3.35%
Los Angeles, Calif.	3¾%	1978-1980	3.85%	3.70%
Baltimore, Md.	3¼%	1980	3.70%	3.50%
Cincinnati, Ohio	3½%	1980	3.55%	3.40%
New Orleans, La.	3¼%	1979	3.75%	3.60%
Chicago, Ill.	3¼%	1977	3.90%	3.70%
New York City, N. Y.	3%	1980	4.15%	4.00%

March 2, 1960 — Index = 3.50385

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.

March 3 (Thursday)			
Dade County (acting as Dade County Port Authority), Fla.	19,200,000	1999	10:00 a.m.
Everett, Mass.	1,470,000	1961-1980	11:00 a.m.
Harrisburg Sch. Build'g Auth., Pa.	3,000,000	1962-1990	1:00 p.m.
Lackawanna City Sch. Dist., N. Y.	1,005,000	1960-1968	11:00 a.m.
Rotterdam, Colonie and Guilderland Central Sch. D. No. 3, N. Y.	3,287,000	1961-1988	2:00 p.m.
March 7 (Monday)			
Louisiana (State of)	15,000,000	1961-1984	11:00 a.m.
Palm Springs School Dist., Calif.	1,000,000	1961-1985	11:00 a.m.
Riverside City School Dist., Calif.	1,500,000	1961-1980	11:00 a.m.
St. Clair County, Mich.	2,900,000	1961-1985	10:00 a.m.
Taylor Mill, Ky.	1,225,000	1963-2000	7:30 p.m.
White Bear Lake Independent Sch. District No. 624, Minn.	1,200,000	1963-1981	7:00 p.m.
March 8 (Tuesday)			
Cook County, Ill.	25,000,000	1961-1970	11:00 a.m.
Delaware (State of)	12,436,000	1961-1980	11:00 a.m.
Gloversville City Sch. Dist., N. Y.	2,060,000	1961-1989	11:00 a.m.
Guilford County, N. C.	7,000,000	1963-1980	11:00 a.m.
Monmouth Regional High School District, N. J.	1,675,000	1961-1981	8:00 p.m.
Pittsburgh School District, Pa.	2,000,000	1961-1985	2:00 p.m.
Salina City School District, Kansas	1,250,000	1961-1980	11:00 a.m.
Savannah, Ga.	2,675,000	1961-1980	11:00 a.m.
March 9 (Wednesday)			
California (State of)	100,000,000	1961-1986	10:00 a.m.
Decatur, Ill.	1,300,000	1962-1979	10:30 a.m.
March 10 (Thursday)			
Hendricks County, Ind.	1,087,000	1961-1971	1:00 p.m.
Niagara, N. Y.	1,450,000	1961-1990	2:00 p.m.
Saginaw Township Community School District, Michigan	4,000,000	1961-1989	7:30 p.m.
March 14 (Monday)			
Oak Hills Local School Dist., Ohio	1,500,000	1961-1980	Noon
Pomona, Calif.	1,050,000	1961-1990	8:00 p.m.
March 15 (Tuesday)			
Allegheny County, Pa.	6,323,000	1961-1990	11:00 a.m.
Franklin Community High School Building Corp., Indiana	2,490,000	1963-1987	1:00 p.m.
Montgomery County, N. C.	1,000,000	--------	--------
March 16 (Wednesday)			
North Bergen Township, N. J.	4,375,000	1961-1986	11:00 a.m.
March 17 (Thursday)			
Eastern Kentucky State College, Kentucky	1,900,000	1963-2000	10:00 a.m.
March 21 (Monday)			
Euclid, Ohio	2,300,000	1961-1983	1:00 p.m.
Hutchinson, Independent Sch. Dist. No. 423, Minn.	2,395,000	1963-1990	3:00 p.m.
March 22 (Tuesday)			
Minneapolis, Minn.	6,322,000	1961-1975	10:00 a.m.
Toole County, Shelby High School District, Montana	1,200,000	--------	7:30 p.m.
March 23 (Wednesday)			
Port of Oakland, California	1,600,000	1962-1980	10:00 a.m.
April 6 (Wednesday)			
New Berlin Union Free High Sch. District No. 5, Wisconsin	2,400,000	1961-1980	8:00 p.m.
April 19 (Tuesday)			
*Triborough Bridge & Tunnel Authority, N. Y.	100,000,000	--------	--------

*Negotiated offering by Dillon, Read & Co., White, Weld & Co., W. E. Morton & Co., and Allen & Co. syndicate.

No Need for Gloom Over U. K.'s Equities Prospects

By Paul Einzig

Dr. Einzig sees no reason to take a gloomy view about the British stock market not withstanding the recent setback to equities caused by the sudden Bank of England decision not to support the price of gilt edge securities. In probing how far the authorities will go to deter the revival of inflation, the noted economic writer declares this step has not wrecked the prospect of a prosperous year but it has discouraged switch from equities to gilt-edged loans.

LONDON, England—The first impression created by the Bank of England's decision to withdraw its support from the gilt edged market was that it wished to check the upward trend in equities. The Governor's repeated warnings to investors and speculators had been of no avail, and even the increase of the Bank rate to 5% failed to bring to an end the optimistic buying in anticipation of higher profits and dividends. But if the Bank of England had the Stock Exchange position in mind it would have timed its action differently. There was no evidence of boom during February. The markets in equities were barely holding their own, and in spite of all the optimistic business forecasts they were inclined to follow Wall Street in its downward course. There was no Stock Exchange boom in February for the Bank of England to check.

Bank's Main Object

What is much more likely is that the main object of the official action was to discourage a threatening revival of inflation. In spite of the remarkable stability of the cost of living index it was widely felt that a resumption of its upward course was imminent. Unemployment is down to 2% of the working population, and while there are some badly hit areas where the proportion is much higher, in a number of key industries it is distinctly lower. The expanding industries have already resumed the practice of outbidding each other for the scarce supply of labour.

A drastic reduction in working hours has just been granted to the engineering unions and a number of other unions, with more concessions to follow. It is certain that in addition we are on the eve of another round of wage increases ranging between 5 and 10%. Now that the principal that railroad employees are entitled to wage increases in spite of the perennial deficit of their industry, all static and declining industries will demand wage increases. Even the coal mining industry with its unsold stock piling up at the pit heads has to face a major wage demand.

In the circumstances the authorities felt impelled to resort to some means to discourage the granting of excessive wage claims. They could have achieved the same end by raising the Bank rate to crisis level. This would have been very unpopular, however, for it is only when sterling is under acute attack and the gold reserve is in danger of becoming depleted that a high Bank rate is regarded as something inevitable. The authorities resorted to the alternative method of discouraging the banks from expanding their liquid resources by means of realisation of their investments. Since a further credit expansion is only possible through the sale of the bank's gilt edge holdings at substantial losses the banks are likely to prefer to tighten their credits. At the same time the action has created a feeling of uncertantly amidst which many consumers will think twice before committing themselves to further instalment-financing debts. It was the non-stop rise of such debts which was largely responsible for the non-stop expansion of demand for consumer durable goods.

How Far Will the Bank Go?

There is no reason to suppose that the authorities wish to pursue their new policy very far. They only aim at slowing down the business expansion without actually checking it, let alone reversing it. The capital goods industry is only just getting into its stride. There is no reason to suppose that the government proposes to discourage the extensive capital expenditure programme planned by both capital goods industry and consumer goods industry.

It is just conceivable that one of the objects of the drastic disinflationary measure adopted is to prepare the ground for a tax reduction. As a result of the increase public expenditure planned for 1960-61, the costly settlement of the railroad wage demand, and the expansion of consumer demand many experts are inclined to write off any possibility of tax cuts this year. Yet if the new measures succeeded in creating a disinflationary atmosphere by Budget day in April the Chancellor of the Exchequer might after all feel justified in making tax concessions.

This is the first occasion since the War that any government in Britain resorted to drastic disinflationary measures in the complete absence of a pressure on sterling. Indeed one of the most gratifying features of the situation is the steadiness of sterling, even if it only means that inflationary pressure is just as strong in other industrial countries so that the wage concessions do not outprice British manufactures in the world market.

No Harm Done to Prosperity

Notwithstanding the setback caused in equities by the Bank of England's measure there is no need to take a gloomy view about their prospects. The section of the Stock Exchange which is liable to suffer is of course the gilt-edged market. During recent weeks a number of investors appeared to be inclined to yield to the temptation of low prices of government loans and to switch over to gilt edged. After the decision of the authorities to withdraw their support from the gilt-edged market most people will think twice before selling out their equities for the sake of investing in fixed interest bearing securities. The latter would have to decline further before they would become attractive once more. And the Bank of England's measure has not wrecked the prospects of a prosperous year.

N. Y. Security Dealers Dinner Speaker

The New York Security Dealers Association has announced that Gene Flack, Sales Counsel and Director of Advertising for the Sunshine Biscuits, Inc. will be guest speaker at their 34th Annual Dinner to be held April 8th at the Biltmore Hotel.

Form Cantor Securities

MIAMI, Fla. — J. A. Cantor Securities Corp. has been formed with offices at 1451 North Bayshore Drive to engage in a securities business. Officers are Jack A. Cantor, President; Lillian Cantor, Vice-President; and Herbert N. Schwarz, Secretary-Treasurer.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Bank Stocks—Review—With particular reference to **Continental Illinois National Bank & Trust Co. of Chicago, First National Bank of Boston, Marine Midland Corp., Morgan Guaranty Trust Co.**—The Illinois Co., Inc., 231 South La Salle St., Chicago 4, Ill.

Burnham View—Monthly Investment Letter—Burnham and Company, 15 Broad Street, New York 5, N. Y. Also available in current **Foreign Letter.**

Canadian Newsprint Industry — Bulletin — Osler, Hammond & Nanton, Limited, Nanton Bldg., Winnipeg, Man., Canada.

Dividends for More Than A Decade — Showing yields based on 1959 prices, by industrial classification of stocks traded on the American Stock Exchange — American Stock Exchange, 86 Trinity Place, New York 6, N. Y.

Domestic Aluminum Industry — Review — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are bulletins on **Colgate Palmolive Company** and **Celanese Corporation of America.**

Drug Industry — Review — A. M. Kidder & Co., Inc., 1 Wall St., New York 5, N. Y. Also available are reports on **Allied Chemical Corp., Lehn & Fink Products Corp., and Dilberts' Quality Supermarkets Inc.**

Estate Tax Eligible Bonds—Bulletin—New York Hanseatic Corp., 120 Broadway, New York 5, N. Y. Also available is an analysis of **American Saint Gobain Corp.**

Fire Casualty Insurance Industry —1959 operating results—Kidder, Peabody & Co., 17 Wall St., New York 5, N. Y. Also available is a memorandum on **Therm-O-Disc, Inc.** and a review of 1959 operations of selected **Bank Stocks.**

Japanese Stocks—Current Information — Yamaichi Securities Company of New York, Inc., 111 Broadway, New York 7, New York.

Merger Candidates in the Oil Industry — Study — Shearson, Hammill & Co., 14 Wall St., New York 5, N. Y. Also available is a bulletin on **Crane Co., Scovill Manufacturing, Loew's Theatres, Baldwin-Lima-Hamilton** and **Atlas Plywood Corp.** and an analysis of **Wieboldt Stores, Inc.**

Motion Picture Stocks—Study—Hemphill, Noyes & Co., 15 Broad St., New York 5, N. Y. Also available are data on **Aldens, Inc., Brunswick Balke Collender, Harris Intertype** and **Royal Crown Cola Co.**

New York City Bank Stocks—Data — Walston & Co., Inc., 74 Wall St., New York 5, N. Y. Also in the same bulletin are comments on depressed **Aircraft-Missile** issues.

Oil Stocks — Special subscription offer including Petroleum Edition of Value Line Survey reporting on major petroleum, natural gas and coal stocks, with mathematically derived rankings for probable performance in next 12 months plus study "Security Selections during a Period of Inflation" and summary of advice on 804 major stocks — $5.00 — Value Line Investment Survey, Dept., CFC-1, 5 East 44th St., New York 17, N. Y.

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Public Utility Common Stocks—Comparative figures—G. A. Saxton & Co., Inc., 52 Wall St., New York 5, N. Y.

Savings & Loan Industry—Study —William R. Staats & Co., 640 South Spring St., Los Angeles 14, Calif.

Selected Stocks—In various categories—In current "Pocket Guide" — Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Silver—A Metal With a Future—Study—Draper Dobie & Co., Ltd., 25 Adelaide St., West Toronto, Canada.

Sugar Supply — Analysis — Lamborn & Co., 99 Wall St., New York 5, N. Y.

Twelve Attractive Low Priced Stocks for 1960—Brochure—Hayden, Stone & Co., 25 Broad St., New York 4, N. Y. Also available are data in the "Monthly Investment Letter" on **Fansteel Metallurgical** and **Ranco, Inc.**

Understanding Put & Call Options — Herbert Filer — Crown Publishers, Dept. A-7, 419 Park Avenue, South, New York 16, N. Y.—$3.00 (ten day free examination).

Utility Common Stocks—Analysis —Van Alstyne, Noel & Co., 52 Wall St., New York 5, N. Y.

Wool Situation in Argentina and Uruguay — Analysis — First National Bank of Boston, Boston 6, Mass.

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ABC Vending — Bulletin — Bache & Co., 36 Wall St., New York 5, N. Y. Also in the same bulletin are data on **Dover Corp.**

Alberta Distillers Limited—Study —Gairdner & Company, Limited, 320 Bay St., Toronto, Ont., Canada.

Aluminium Ltd., —Memorandum — Collier, Norris & Quinlan, Aldred Building, Montreal 1, Que., Canada.

Amerada Petroleum Corp. — Review—Penington, Colket & Co., 70 Pine St., New York 5, N. Y. Also in the same circular are reviews of **International Silver Co., Madison Fund, Newmont Mining Corp., Northern Pacific** and **Twentieth Century Fox.**

American Cynamid—Analysis—Carreau & Co., 115 Broadway, New York 6, N. Y.

American Distilling Co.—Review —Cooley & Co., 100 Pearl St., Hartford 4, Conn. In the same circular is a review of **Max Factor & Co.** Also available are data on **Food Fair Stores, Goodyear Tire & Rubber, Minute Maid Corp., Frito Co., and Giannini Controls.**

American-Standard — Analysis — Model, Roland & Stone, 120 Broadway, New York 5, N. Y. Also available is an analysis of **United States Plywood Corp.**

American Telephone & Telegraph Company—Review—W. E. Hutton & Co., 14 Wall St., New York 5, N. Y. Also available is a bulletin on **Holiday Inns of America.**

American Viscose Corp.—Bulletin —Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available are reviews of **Georgia Pacific Corp.** and **Fruehauf Trailer,** and a memorandum on **American Commercial Barge Line.**

Armstrong Rubber Co.—Analysis —McCormick & Co., 231 South La Salle St., Chicago 4, Ill. Also available are analyses of **Northwestern Steel & Wire Co.** and **Southern Union Gas Co.**

Beneficial Finance Co. — Memorandum — Woodcock, Moyer, Fricke & French, Inc., 123 South Broad St., Philadelphia 9, Pa.

Bestwall Gypsum — Analysis—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y. Also available is a survey of **Crown Cork & Seal Co.**

Birmingham Sound Reproducers, Ltd. — Memorandum — Hirsch & Co., 25 Broad St., New York 4, N. Y. Also available is a review of **Aerojet-General, Armco Steel, General Public Utilities** and **Radio Corporation of America.**

Central Maine Power Company—Report—A. C. Allyn & Co., 122 South La Salle St., Chicago 3, Ill. Also available is a bulletin on **Philco Corporation.**

Commercial Credit Co.—48th annual report — Commercial Credit Co., Baltimore 2, Md.

Continental Can—Memorandum—G. H. Walker & Co., 45 Wall St., New York 5, N. Y.

Crompton & Knowles Corp.—Study — Simmons, Rubin & Co., Inc., 56 Beaver Street, New York 4, N. Y.

Diamond National—Data—Weingarten & Co., 551 Fifth Ave., New York 17, N. Y. Also in the same bulletin are data on **Chance Vought Aircraft.**

Eastern Gas & Fuel Associates—Data—Schirmer, Atherton & Co., 50 Congress St., Boston 9, Mass. Also in the same bulletin are data on **Edgcomb Steel of New England, Ranco, Inc.,** and **Lazard Fund Inc.**

Electro Instruments — Memorandum—Harbison & Henderson, 210 West Seventh St., Los Angeles 14, Calif.

Ford Motor Co.—Review—Fahnestock & Co., 65 Broadway, New York 6, N. Y. In the same circular is a review of **Caterpillar Tractor Co.**

Gamble Skogmo, Inc.—Review—Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y. Also in the same circular are data on **American Sugar Refining, Dover Corp., National Vulcanized Fibre, Oklahoma Natural Gas,** and **Penn Dixie Cement.**

Gardner Denver Co.—Analysis—Montgomery, Scott & Co., 120 Broadway, New York 5, N. Y.

Grand Union Co. — Survey — Bruns, Nordeman & Co., 52 Wall St., New York 5, N. Y. Also in the same circular is a review of **P. Lorillard Co.**

Hammermill Paper Co.—Analysis —Cohen, Simonson & Co., 25 Broad St., New York 4, N. Y.

Harman Kardon Inc.—Analysis—Carroll Co., 150 Broadway, New York 38, N. Y. Also available is an analysis of **Telectro Industries Corp.**

Heublein Inc. — Analysis—Dempsey-Tegeler & Co., 210 West Seventh St., Los Angeles 14, Calif. Also available is an analysis of the **Vendo Co.**

Howe Sound Co. — Analysis — Butcher & Sherrerd, 1500 Walnut St., Philadelphia 2, Pa. Also available is an analysis of **Knox Glass, Inc.**

Industro Transistor Corp.—Memorandum—William Norton Co., 44 Wall St., New York 5, N. Y.

Information Systems, Inc.—Analysis—Boenning & Co., 1529 Walnut St., Philadelphia 2, Pa.

Manpower Inc. — Memorandum — Loewi & Co., Inc., 225 East Mason St., Milwaukee 2, Wis. Also available is a memorandum on **Colgate Palmolive.**

Martin Company — Bulletin — Schweickart & Co., 29 Broadway, New York 6, N. Y.

Mesabi Iron—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

National Cash Register—Analysis —Droulia & Co., 25 Broad St., New York 5, N. Y. Also available are reviews of **Commercial Solvents, ABC Vending,** and **Northrop Corp.**

National Company, Inc. — Report —H. Hentz & Co., 72 Wall St., New York 5, N. Y. Also available are reports on **Wallace & Tiernan, Inc., National Biscuit Co., Servel Inc., Western Air Lines** and **Morgan Engineering.**

North American Coal Corp. — Analysis — Quail & Co., Inc., Davenport Bank Building, Davenport, Iowa.

Permanente Cement Company—Analysis—Dean Witter & Co., 45 Montgomery St., San Francisco 6, Calif. Also available is a report on **Kaiser Steel Corp.**

Philco Co. — Analysis — James Anthony Securities Corp., 37 Wall St., New York 5, N. Y.

Pubco Petroleum Corp.—Analysis —Coburn & Middlebrook Inc., 75 Federal St., Boston 10, Mass.

Salant & Salant, Inc. — Analysis —Jesup & Lamont, 26 Broadway, New York 4, N. Y.

Sealright Oswego Falls Corp.—Memorandum—J. A. Hogle & Co., 40 Wall St., New York 5, N. Y.

Siegler Corp. — Study — Porges, Singer & Co., 15 Broad St., New York 5, N. Y.

Simplicity Manufacturing — Analysis—Robert W. Baird & Co., 110 East Wisconsin Ave., Milwaukee 1, Wis. Also available in the same bulletin are data on **First Wisconsin Bankshares, Home Insurance (New York),** and **Briggs & Stratton.**

Singer Manufacturing—Memorandum—Francis I. du Pont & Co., 1 Wall St., New York 5, N. Y. Also available in the March "Investornews" are studies of **National Biscuit Co., Chemical Companies, International Shoe, Hercules Powder and Copperweld** and a discussion "Facing Up to Our Import Problems."

Standard Brands Inc.—Report—Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Standard Packaging — Memorandum—Gruntal & Co., 50 Broadway, New York 4, N. Y.

Standard Uranium Corporation—Bulletin—De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y.

Tri Metal Works, Inc.—Analysis—Walter R. Blaha Co., Inc., 29-09 Bridge Plaza North, Long Island City 1, N. Y.

Varian Associates—Report—Hill, Darlington & Co., 40 Wall St., New York 5, N. Y.

Leedy, Wheeler Branch Under Clinton McCreedy

MIAMI, Fla.—Leedy, Wheeler & Alleman has opened a branch office in the Ingraham Building under the management of Clinton T. McCreedy. Mr. McCreedy was formerly head of McCreedy & Company Inc.

Our Mining Industry Faces U.S.S.R. Mineral Production

By Dr. Arthur B. Cummins,* *President, Society of Mining Engineers of AIME; Manager, Mineral and Basic Research, Johns-Manville Corp., Manville, N. J.*

Recently elected spokesman for mining engineers outlines the mining industry's outlook for this year and for the sixties. The latter specifically includes a run down on the emphasis given by Russia to mineral production, to training of personnel, to production of mining equipment, and to the impact of this upon us and the world economy. The author refers to many important aspects of the mineral industries' future and the prospects for major mineral commodities during 1960's. Also lists four problems apt to be of significant importance.

All in all, 1959 was a fairly good year for mining, it being supported by a high level of national economy and industrial activity. It was, however a year of considerable complexity in which the activities in various fields of mining were affected to different degrees by economic and political conditions.

The biggest factors were: (1) the strikes affecting the steel and some of the non-ferrous metals industries; (2) the rising tide of mining activities abroad and the increase in importation of products made from minerals (steel, copper and its alloys, flat glass, and numerous others).

As for some highlights, U. S. production of iron ore went down to 60 million tons (the lowest in 20 years), although the production of pig iron and steel was above that of 1958 despite the strike.

Eighty percent of the copper producing industry was down due to strikes for part of the year. The output of copper dropped 16% (lowest level in ten years). Aluminum and some other metals were up. There was an 8% decline in the production of anthracite coal, but bituminous about held its 1958 level.

In toto, the production of industrial minerals (non-metallics) was high—an improvement over 1958, and in many cases an increase over the best years prior to 1958.

What Is the Outlook for 1960?

Forecasts predict high industrial activity and prosperity in 1960. (GNP above $500 trillion,) If this is so, we can expect a good year for mining. But the pattern will be spotty and not all branches of mining will fare equally well.

With strikes somewhat in the background for the time being, the iron ore and steel industries and the non-ferrous metal industries may expect heavy requirements, not only to meet the expected new demands, but also to fill the backlogs resulting from the 1959 work stoppages. The picture for zinc is considered favorable with Tennessee coming more to the fore as the leading producer; copper should be in a good position with possibilities for a revival of production in Michigan and the proving of more substantial reserves in Arizona. Aluminum should come through with a new record.

The production of cement has been forecast to probably drop some 3 to 4% from the 1959 level. This is based on a slowdown in the Federal highway program and to an anticipated reduction in home construction due to the squeeze on mortgage money. Production of sand, gravel and stone may be expected to parallel that of cement. Most other industrial minerals are expected to be in demand equal to or above 1959 levels (abrasives, clays, borax, limestone, gypsum, phosphate rock, potash, salt, sulphur).

The major interest in 1960 is the probability that it will be significant in indicating the trend ahead, and what to expect in the next decade.

What Will the Decade of the 1960's Bring to the Mining Industry?

Many economists predict for the decade 1960-9, a boom period of unprecedented advances. Others foresee difficulties and complications. While these may be expected, let us agree that the curve of progress in general will be upward, and possibly to a fantastic degree. Technological advances, population growth, higher living standards, space age requirements, nuclear power developments, are all expected to accelerate the advance.

It should be recognized first that the demand for mineral raw materials moves with general economic trends. Thus the mining industry, per se, will not "set the pace," but will follow the (technological, economic and political) developments of the next decade. This is because the role of the mining industries, in the main, is to supply raw materials as required by industry.

Aside from industrial economy, and foremost among the factors that will prescribe the role of the mineral industries in the near term future, is the question of cold war, the approach to the space age, etc. The emphasis on rockets and missiles will have a tremendous impact on metals. The role of the glamorous metals (beryllium, tungsten, columbium, and others) will be greatly emphasized, because these may be expected to be important, or necessary for the equipment and devices either for space warfare or for space exploration. On the other hand, if the means for conventional defense or warfare become obsolete (battleships, aircraft carriers, bullets, aircraft, shell casings, etc.) then the requirements, on a large scale, for steel, lead, aluminum, copper, etc., may be expected to dimish to a significant extent.

The mining industry today must become adjusted to meet successfully the changes resulting from the new requirements of the space age. The 1960's will be a period placing great responsibility upon the American mining industry with a challenge to meet an almost certain demand for greater production of most mineral commodities. At the same time there is the requirement of meeting competitive prices of foreign producers. Also the major problem of protecting our future, in reserves and technologies, well beyond the 1960's, indeed into the 21st century and beyond. It seems that tariff protection and import quota restrictions alone cannot be relied upon, in most categories, to meet all of the problems of some phases of our mining industry. It appears more in line to recognize that in most cases we need to sell our products freely among the world wide consumer countries unrestricted by artificial tariff barriers and currency problems.

It is the opinion of most competent mining authorities that if the American economy is basically sound and if it is in reasonable balance with that of the rest of the world, the American mining industry will be capable of handling the many special and different problems which it will have, all in the interests of American and world prosperity and peace.

Considers Important Mineral Aspects

Since no one can foresee the future in any significant detail, it is perhaps sufficient to point out some aspects of the mineral industries' future that seem at this time important in considering the 1960's.

(1) In any economy and under any set of conditions mineral products and therefore mineral resources will remain of critical importance.

(2) Since mineral resources are not created, and once depleted are not renewable, the problems remain of conserving and developing what we have, and devising better ways and means of finding, processing and using mineral materials.

(3) The U. S. mining industry has demonstrated, time and again, that it has the reserve and the stamina to survive the downturns of economic setbacks, and bounce back to meet the requirements of industry and the national economy.

(4) It may be expected to continue to have this capacity, provided adequate provision is made nationwide to recognize, provide for and support the basic requirements of a sound mineral industry.

If we wish to be a little more specific on the status of some of the major mineral commodities during the 1960's, the opinions of many experts in the various fields indicate:

(a) For iron and steel—continued demand. Iron ore resources in adequate supply, strengthened by improved methods for utilization of lower grade ores.

(b) For the next few years, the production capacity of aluminum, nickel, asbestos, etc., will be in excess of demand.

(c) Aluminum and magnesium are considered to have significantly greater importance as materials for construction.

(d) The markets for copper, zinc and lead and their alloys should expand, and considerable research effort is being expended in the finding and development of new uses for these metals.

(e) Most of the less common metals—tungsten, cobalt, columbium, tantalum, zirconium, and others—are expected to be in greater demand.

(f) As for the basic industrial minerals, the U. S. may anticipate increasing requirements for materials used in construction—cement raw materials, sand, gravel and stone, gypsum, limestone.

(g) Also for the major mineral raw materials for the chemical or process industries—salt, sulfur, clays, also for potash and phosphate.

(h) So far as present information goes, we will continue to be dependent in large part on foreign resources for nickel, maganese, chrome, tin, mica, antimony, tungsten and some others. Also to considerable extent for copper, iron ore, lead, zinc, thorium, zircon, columbite-tantalate, cobalt, beryl and some others, because it will remain economic to import some of these mineral raw materials.

Lists Four Additional Problems

In addition to the above, there are listed below four problems which it seems to the writer will be of significant importance in the 1960's.

(1) The demand for an adequate supply of properly trained mineral engineers is not being fulfilled. Bachelor degrees in Mining Engineering conferred in 1958 were 220, estimated in 1959, 205; projected for 1960, 190; thereafter, ? Currently there are apparently not enough jobs for the full time employment of mining engineers, particularly in exploration work; but this is an unnatural, unhealthy and unsafe national position and presumably will not continue. There is need to emphasize and bring to the attention of better qualified young men the opportunities and satisfactions in a career of minerals engineering. Efforts in this direction are being taken by AIME, the EJC and other agencies interested in professional engineering as related to the mining industries.

(2) In the interests of a more sound and permanent mining industry, the mining engineering profession has a better public relations job to do. This entails primarily:

(a) Let the public know what mining engineers are doing and emphasize their economic importance.

(b) Let the government know the vital importance of minerals and mining in the international "economic battle" of the 60's.

(c) Bring the story to and develop the interest of students in mineral engineering.

(3) It is highly important that there be established a national mineral policy (long term and short term). This involves not only a wise Federal policy on depletion of mineral resources and a policy encouraging the exploration and development of our natural mineral resources, but consideration of all national and international problems in the procurement, distribution and stockpiling of mineral materials. This must consider the specific requirements of the basic and strategic minerals and the special cases of lead, zinc, nickel, gold, silver and others.

(4) During the 1960's it may be expected that there will be an increased and significant fusion of the mining and chemical industries. This tendency was manifested in the 1950's. There will be more chemical companies going into the mining business

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The Brass Tacks of the ICC Administrative Problem

By Hon. Anthony Arpaia, Member, Interstate Commerce Commission*

The enormously increased adjudicatory and administrative functions of the ICC are found to be too burdensome, cumbersome and incompatible with each other. Mr. Arpaia revives a plan suggested 30 years ago which would separate what he depicts is now an "organized monstrosity" into two bodies. One would perform the administrative job and the other retain the quasi-judicial and quasi-legislative work. The Commissioner defends the record of the ICC which he finds has had less decisions reversed than even the Federal district courts but warns that this non-spectacular reform measure is urgently necessary now.

The future of transportation, in large measure, will depend on the part the government will play in its regulation. No law is self-executing. Therefore, the means by which the Interstate Commerce Act is administered will be an essential part of its future.

Anthony Arpaia

Transportation regulation is now, and will for some time be generally accepted as a necessary function of government. Two aspects of it are presently under official inquiry and study. First, its scope, and secondly, its effectiveness and efficiency. In other words, the answers to two questions are being sought: How much regulation do we need, and how should it be administered?

Perhaps the two topics cannot be completely separated, but I shall confine my discussion to the subject of the Federal regulatory machinery. As a preliminary observation, I will say that the present total cost to the taxpayers for the regulation of surface transportation is modest. Hence, assuming that government control will continue, the real question is, how can we get the most and best results for that cost?

Experts in and out of government have for some time given this subject considerable attention. In fact, in the last 30 years there have been 22 official investigations dealing primarily or exclusively with the *organization* of the Interstate Commerce Commission. This number does not include those now underway. In addition, there have been many independent studies by outside experts. From such sources have come numerous proposals for the reorganization of Federal transportation functions. These proposals differ widely in extent and practicability. Some would go to extremes. To a few, the so-called "independent agency," in spite of what the courts have said, is extra-constitutional. They would abolish it entirely. Others belong to the stand-pat, negative school—they resist any change.

These extremists live in the past in varying degrees. Those who consider the independent agency as a "headless fourth branch of the government" resort, in part, to conditions prevailing during the reign of James The First of England and the 18th Century to support their thesis. On the other hand, the stand-patters give no weight to the massive economic and technological changes which have revolutionized transportation in the last quarter century.

I do not question the sincerity of any of them. But sincerity is not the issue. Sincere men can be wrong, as history has repeatedly shown. Our concern is with reality, not with theorems; with utility, not abstractions. What we need first are the facts—a particularized analysis of the present operations. Then, and only then, can we evaluate necessary changes. Now, what are the facts?

Although the Interstate Commerce Act has seen major amendment from time to time, the Commission's organizational structure has remained essentially unchanged since its formation. True, in 1952 the Senate hired an outside group of management experts who made some recommendations in what was known as the "Wolf Report." This resulted in some functional realignment of bureaus within the agency and the creation of the office of Managing Director, whose duties are principally of the "housekeeping" type, but the Commission still remained the repository of an assortment of duties and the horizontal layers of authority remained undisturbed.

Traces What Has Happened Since 1935

Until 1935, with slightly over 100 class I railroads and several hundred short-line and switching railroads within its jurisdiction, the combination of quasi-legislative, quasi-judicial and administrative functions in one agency was manageable. At that time transportation problems were homogeneous and limited.

Vast changes began with the Motor Carrier Act of 1935. This and subsequent legislation not only added to the adjudicatory burdens, but thrust an unprecedented volume and variety of duties upon the Commission.

Before motor carriers were regulated, the administrative chores, for example, those relating to safety, locomotive inspection, service, compliance, accounts, annual reports, investigations, and statistics were incidental and closely related. The policing job was likewise limited—a railroad's operating rights were not restricted as to commodities, and its territorial authority could hardly be violated—it ran on fixed tracks between fixed points. None of the complications arising out of ambulatory operations of motor carriers existed. These complications were made worse by certificate restrictions of territory, routes, commodities and service. The tariff filings of railroads were few in number as compared with those now filed for 18,000 or more motor carriers of various classifications, water carriers, and freight forwarders. There were no insurance requirements for railroads. Their equipment was more standardized and there was more uniformity in safety applicances, equipment, and operations.

Railroads did not require extensive Commission supervision over hours of service, keeping of logs, and minimum qualifications of hundreds of thousands of drivers. It was not necessary to police passenger bus requirements, brokers' licenses, shippers' associations, and illigal public transportation. To add further to this list of administrative burdens, the Commission became responsible for the safety of operations of millions of trucks engaged in interstate commerce, even though they are exempt from economic regulation, or are privately operated.

As a matter of fact, as of now, of the 2,286 people employed by the Commission, 1,429, or 62.5%, most of them in the field, are chiefly engaged in purely administrative duties which have little or no relation to the quasi-legislative and quasi-judicial functions which are, and should be, the Commission's principal concern if the shipping public is to be protected and the national interest in the economic soundness of public transportation is to be preserved.

Growing Functional Incompatibility

Although the work of the Commission is split along functional lines by Bureaus, the responsibility of the Commissioners at the top is not, and cannot under the present system be so divided. Therefore, the underlying issue in the investigations and studies directed toward the improvement of efficiency of the Commission, whether recognized or not, is: Is it practical and realistic for a body of 11 men to effectively manage such extensive administrative tasks and, at the same time, properly perform their adjudicatory functions?

In addition to the fact that some of these duties are somewhat incompatible, there is necessarily an inordinate drain on the time of the Commissioners and diversion of attention and energy from the functions for which a Commission-type organization is essentially adapted and needed. But of greater moment is the organizational monstrosity presented when 11 Commissioners must somehow find the time, in between the heavy workload of deciding cases, to meet, deliberate and agree to take action necessary to give efficiency and direction to such completely administrative operations as I have mentioned.

One might as well expect a quarterback in the huddle to get a majority vote of the 11 men on a football team before putting the ball into play. The Commissioners do the best they can but the very cumbersomeness of majority approval as applied to these purely administrative matters makes it difficult to get action at all, since everybody's business shortly becomes nobody's business, and nothing is so frustrating as the eternal hanging on of an incompleted task.

The public and the Congress properly expect the Commissioners, not staff people, to account for every Commission action. The amount of time they must spend in answering mail, preparing regular and special reports, giving formal testimony on matters such as inadequate supply of cars, accidents, violations, accounting rules, safety and administrative efficiency, etc., sometimes reaches extraordinary proportions. Commissioners are held answerable too for the action, or lack of action, of the staff wherever located or whatever their duties.

Without question, matters which involve the determination of "reasonable rates," "public convenience and necessity," "unjust discrimination," "consistency with the public interest," reorganizations, the propriety of securities' issues and the many sections of the Act which require the establishment and interpretation of statutory policy, are functions which justify the judicial type of approach and composite judgment.

To develop rules and regulations covering uniform accounting, safety, filing of reports, and related activities, however, requires information, education, consultation and negotiation in the first instance. It is only after such methods fail to produce a rule or regulation which will serve public purposes that the true quasi-legislative function comes into play. It is then that a hearing or representations by all sides is necessary. If a new rule, or a change in a rule proposed by a Bureau, is not accepted, the Commission, in the capacity of an independent, impartial agency resolves the problem.

Once the rules, regulations or standards have been set, however, the duty of administering inspection, supply of cars, compliance with insurance requirements, compliance with hours of service, maintenance of drivers' logs, inspection of safety appliances and equipment, filing of reports, checking accounts, keeping of statistics, investigation of violations, and enforcement is a straight-line managerial and administrative job requiring clear-cut action. For *this* job, one-man management would be more appropriate and more effective.

Mounting Adjudicatory Demands

The adjudicatory functions of the Commission have become of such complexity and magnitude that they allow little time for other tasks. They were enormously increased by legislation between 1935 and 1958. The Motor Carrier Act of 1935 immediately involved a flood of processing over 80,000 "grandfather" certificates for operating authority, plus the ever-continuing stream of applications for new authority since that time.

The Transportation Policy of 1940 changed the entire theory of regulation. Until that time the function of the ICC was mainly to protect the public against unreasonable or discriminatory rates. With the regulation of competitive transportation services and the adoption of the Policy, in addition to its original function, the Commission was required to maintain healthy competition between carriers of all kinds while preserving the inherent advantages of each. Because of intense competition, the volume and complexity of rates, operating rights, control and merger, and other proceedings increased enormously.

A few statistics will illustrate the changes in the workload. To use only the most important categories of matters involving economic interests of the public and the carriers as an illustration: in 1934, there were only 61 proceedings authorizing extension of operating rights of railroads. In 1958, there were 3,895 proceedings for operating rights of all kinds, not including 3,999 applications for temporary authority. In 1934, there were 127 Investigation and Suspension rate cases; in 1958, there were 1,865 I & S proceedings. In 1934, there were only 18 proceedings involving the acquisition, consolidation, or control of carriers. In 1958, there were 1,425 matters of this type.

Recent legislation further increased the workload. The rollback of exempt commodities with "grandfather" rights, the redefinition of contract carriage, the jurisdiction over discontinuances of passenger services, and the government guaranty of private loans to railroads created another batch of matters requiring adjudication.

An example of the incompatibility of the position of the Commission arises out of its responsibility in connection with the government guaranty of loans. The Commission must, by law, determine whether an applicant railroad is eligible for a government guaranty of a loan from private sources. Whether the applicant is qualified by the standards set by Congress for such assistance is a true quasi-judicial determination.

However, experience has shown that the Commission also is placed in the position of being the contracting party for the government. It must prepare, negotiate, and sign the guaranty agreement, and supervise the loan. It administers the provisions of the loan and guaranty agreement, has the power to alter and extend the loan terms, declare a default if necessary, accept the collateral and pass upon it when default occurs. Although the situation has not yet arisen, I would assume that the lenders would expect the Commission to obtain the necessary appropriation from Congress in the event of a default. These are not adjudicatory tasks.

Is it appropriate that the Commission be required to fill the role of an interested party, when it must adjudicate matters which may vitally affect the economic interests of a railroad loan applicant during the life of the loan? Suppose, further, the railroad should wind up in bankruptcy—the Commission would be required to pass on a plan of reorganization in which it, as a party participant, was responsible for the creditor status of the United States Government. It is not only an inconsistent role but, frankly, downright uncomfortable.

Now, what does all this mean? It means simply that the heavy demands on the Commission's attention and time for purely administrative duties not only serve to impede the efficient exercise of adjudicatory functions, but that failure to distinguish between the two has given some color to the insinuation of those who would scuttle independent agencies that administrative law has degenerated into "administrative lawlessness."

Confronted as we are with this situation — what course of action should be taken?

The answer, in my judgment, will not be found in the attitude of the apologists for the status quo nor of those critics who, thinking only in terms of the strict concepts of the pure judicial process, would scrap the entire system by dividing the functions of the Commission between several new agencies and courts.

Suggests a Workable Reform

The use of courts for the job of regulating transportation, in my judgment, is unworkable. Modern conditions require tools that are more flexible than detailed legislation enforced by formal judicial process. The Commission, as an independent agency performing a blend of juasi-judicial, quasi-legislative functions, has become a necessary instrument of government. As such, it is characterized by flexibility, relative informality and is inexpensive and simple in its application. However, to insure its workability, this basic function should be freed from the impediment of duties which have become incompatible with its primary job of protecting users and preserving the economic values of transportation in the national and public interest.

What then is the alternative? Stubborn uncritical acceptance of the present organization solves nothing. Nor will its solution be advanced by sensational, generalized headline-making attacks on *all* independent agencies, on the erroneous assumption that their functions, processes and burdens are alike.

I am not intimately acquainted with the specific problems of other administrative agencies and, from some of the comments others have made about the ICC, it is obvious that those who speak concerning us have only superficial knowledge of ours. The one thing which I do know is that in the light of substantial differences in the workload, distribution of functions and statutory objectives, those who would apply a bludgeon instead of a scalpel to cure the unspecified ills of all administrative agencies are as dangerous as the curbstone doctor. They, in effect, urge conformity for conformity's sake. Yet, the greatest inequality results in trying to equalize the unequal, and the graveyard of progress is conformity.

If what I propose for the ICC is not spectacular, it is because the defect itself is not obscure or complicated. In my opinion, we can preserve the broad, flexible advantages of the ICC as an independent agency by a simple excision.

Those duties which are essentially managerial or administrative, so-called "line functions," can best be performed by a single administrator. They require direct action and responsibility. Therefore, some means should be found to separate them from the Commission. This can be done

by a vertical division of the Commission into two separate bodies: one to take over the administrative job and the other to retain the quasi - judicial and quasi-legislative work. Such a plan would preserve the experience and advantages of the present system without disruption and expense; it would require minor adjustment and, even if it were imperfect, could be tried without being irrevocable. As a transitory step — the administrative operations could be assigned exclusively to one of the Commissioners who could be freed of other duties.

Plan Was Suggested 30 Years Ago

I may add that my suggestion is not new or original. In fact, it was first made 30 years ago by a Committee of the National Industrial Traffic League, an old established organization which represents all of the shippers of the United States. The majority of the Committee favored dividing the ICC into two bodies; one for the control of rates, etc., and one for the control of facilities. If it was a valid judgment under conditions prevailing then, it should be more than valid now.

Those who would destroy administrative agencies would have us believe that there is something fundamentally wrong in the delegation of quasi-legislative duties to such agencies. Now, I don't mean to imply that the agencies haven't made mistakes, that their judgment is infallible, or that there isn't room for improvement. So long as the affairs of men are run by men and not machines, this is inevitable.

Nevertheless, their criticism sounds petulant, carping and artificial. I hate to say this but I'll tell you why I think so. Every decision of the Commission touches the pocketbook and the emotions of someone — not remotely, but directly. It may be a carrier or a group of carriers, a shipper or an entire industry, a form of transport or all of the transportation industry. They could and do disagree, at times vigorously and bitterly, with our decisions. While some want more regulation and others less, none of them, to my knowledge, want to change the Commission - type agency. Can it be that they harbor such sentiment and are unable or unwilling to give it expression? It is hardly likely.

Nowadays every conceivable activity in our economy is highly organized. There is no industry or trade that does not have a powerful association to speak for it; scarcely any part of our economic life is not represented in this fashion, from scrap iron dealers to florists. The segments of the transportation industry are similarly organized. These associations can speak for individuals and preserve the anonymity of their members. They are informed, alert, capably staffed and vocal. It is improbable that they would permit coercive tactics, official abuse of power, arbitrary intervention into private business and improper decisions to prejudice the interests they represent.

The interests of all these groups are in sharp conflict in matters coming before the Commission. A decision, at times, can hurt some of them to the tune of millions of dollars. Would such powerful associations, including labor, industry, shippers, farmers, taxpayers, chambers of commerce, public officials, practitioners and motor carrier lawyers, long tolerate the exercise of control over the affairs of their members by a bumbling, inept, arbitrary or illegal bureaucracy? Are those who are vitally affected clamoring for the abolition of the Commission? There is no such evidence.

Less Reversals Than the Courts

The Supreme Court of the United States has upheld this delegation of power repeatedly.

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Two Rails for Income

By Dr. Ira U. Cobleigh, Enterprise Economist

A consideration of the common stocks of Denver & Rio Grande and Missouri Pacific for those particularly interested in income.

With all the current accent on growth, romantic and scientific stocks, it is appropriate, perhaps, to go back today to an old-fashioned motivation for stock purchase—dividend income. When so many renowned industrial blue chips sell on a meager 3½% to 4% yield basis, the investor looking for a reasonably protected 6% return has indeed a limited group to choose from. One of the best places for him to do his shopping now is in the railroad list.

Denver and Rio Grande

Our first rail selection is DGR common. This carrier is a 2,100-mile strategic bridge line. It connects with the Missouri Pacific in the East at Pueblo, Colorado, and extends West to Salt Lake City, where it ties in with Western Pacific; and to Ogden, Utah, where it interchanges traffic with the Southern Pacific.

Both because of its transcontinental tie-in, and the rapid rise of freight tonnage in its own territory, Denver and Rio Grande Western is a solid earner with a bright future. The line isn't cluttered up with a lot of money-losing passenger traffic—less than 4% of gross is from this source. Its biggest industrial customers are Colorado Fuel and Iron at Pueblo, and the big mill of U. S. Steel at Geneva, Utah. Traffic (1958) was well balanced — 47% from manufactured and miscellaneous products, 23% from soft coal, and 26% from forest and agricultural products.

Last year was not a particularly good one for DGR. Because of the steel strike, per share net dipped to $1.37. Even this, however, was adequate coverage for the $1 dividend; and much better results are predicted for 1960. A gross of $84 million is anticipated which should create net earnings of about $1.90 per share on the 6,323,678 common shares listed on the NYSE.

Capitalization of the road has been simplified in recent years and now consists of the aforementioned common, preceded only by $85 million in funded debt. Cash position is excellent with working capital running above $25 million—easily ample for the $5½ million rolling stock and road improvement expenditures scheduled for this year.

Rising industrialization and population in the territory served, the fine physical condition of the property, and a considerable expansion in piggy-back freight operations give Denver & Rio Grande a forward look. Management has gained a considerable reputation for operating efficiency. The best evidence of this is the exceedingly low transportation ratio, 31.4% in 1958, against about 40% for the average Class I railroad.

DGR has paid cash dividends continuously since 1948. The present rate of $1 appears well protected and reasonably assured. It provides a 5.9% yield on the common at 17. Here is a quite satisfactory railroad equity providing a generous return in this market, and by no means devoid of capacity to advance in price.

Missouri Pacific

The second railroad we want to discuss is Missouri Pacific, which spent almost a quarter century in receivership and reorganization, emerging with a refurbished property and shiny new, albeit complicated, capitalization, in 1956. This capital structure, laced with leverage for the equity, consists of six issues of bonds creating a total funded debt of $572 million followed by 1,871,957 shares of Class "A" common and 40,648 shares of Class "B" common. These issues of common are so unusual as to require special description.

Leveraged Equity

The Class "A" is entitled to non-cumulative dividends, in any year, not to exceed $5. Actually, in the four years the stock has been outstanding, the full $5 has never been paid, not because it wasn't earned but because of exceedingly rigid mandatory sinking fund and capital expenditures required under the indenture covering the first mortgage bonds. The 1959 dividend paid was $2.40 which provides a yield on the Class A, at 44, or 5.46%. There is some prospect for a higher dividend payment in 1960. Class "A" is listed on the NYSE.

It's the Class "B" stock that analysts gasp over. Here's the ultimate in leveraged commons. These 40,648 shares represent the distillation of the earning power of, and the residual equity in, over $900 million in book assets. This "B" stock has a book value of over $1,700 a share and in 1959 showed probably over $200 per share in net earnings before fund requirements. Yet this "B" common, (more than half owned by Alleghany Corp.) sells in the Over-the-Counter Market at $315 a share! Since issued, it has sold as high as $850. Some day it might prove sensational. Both the "A" and the "B" have one vote per share.

We got a little off course, talking about that "B" stock. We were discussing income, and along those lines, you might want to look at some MOP bonds as well as the stock. You can buy Missouri Pacific Income 5s due 2045 at 60 to yield 8.4%; or you can buy the General Mortgage 4¼s due 2030 at 61 to yield 7.9%.

The Railroad Property

Missouri Pacific is a 10,000 mile railway system with two main lines (1) from St. Louis West to Pueblo, Colorado and (2) from Omaha, South to New Orleans and leading Gulf cities. Through ownership of 80% of the stock in Texas and Pacific Railway, MOP not only has a valuable investment (TPX common sells at $108 and pays $5) but operates 1,830 miles of road, bringing in extensive tonnage and connecting New Orleans with Shreveport, Dallas, Fort Worth and El Paso. The book value of the MOP investment in Texas and Pacific is about $80 million. The real value is several times that.

Other investments include 71% of the stock of American Refrigerator Transit Co., a large owner of refrigerator cars for transport of vegetable, fruits, etc.; substantial stock ownership in Missouri-Illinois Railroad Co., St. Louis Union Terminal, Denver & Rio Grande Western and Pullman Corp. MOP's total equity in the net assets of these various investments is in excess of $170 million.

About Missouri Pacific, it could be observed that its capitalization was less severely compressed in reorganization than that of mos. other roads that bit the financial dust in the 30's. There is, however, a heavy debt reduction schedule which should substantially increase the equity over time. The road is well managed, serves an excellent and growing territory in the West, Southwest and the Gulf South. MOP is progressive, having pioneered in piggy-back truck trailer traffic and in the operation of major truck routes in conjunction with its railway service.

Earnings for 1960 are expected to increase and net may provide funds for some increase in the Class "A" dividend — perhaps to $3. Those in search of higher yields, and mindful of its debt structure, may find in the Class A and bonds of Missouri Pacific, unusually attractive current yields.

If the railroad list lacks the market glamor of yesteryear, it is at least distinguished by the higher yields it presently offers.

Schmidt, Sharp in Denver

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Schmidt, Sharp & Co., Inc. has been formed with offices at 818 Seventeenth Street to engage in a securities business. Officers are Robert D. Schmidt, President and William N. Sharp, Secretary-Treasurer. Mr. Schmidt was formerly Vice-President of Copley & Co.

F. E. Salinder Opens

PORT WASHINGTON, N. Y.—Francis E. Salinder is conducting a securities business from offices at 50 Fairview Avenue.

Betz Exec. V.-P. Of H. A. Riecke

PHILADELPHIA, Pa. — Frank T. Betz has been named Executive Vice-President of H. A. Riecke & Co., Inc., 1433 Walnut St., John E. Parker, President announced today. Darrah E. Ribble was elected Senior Vice-President and Assistant Secretary.

Frank T. Betz, Jr.

Mr. Betz comes to Riecke with many years of experience in the investment securities business, having most recently been President of Robinson & Co., members of the New York Stock Exchange.

In the past he has been associated with the Rockwell-Gould Co., Elmira, N. Y., the Knickerbocker Fund as Eastern Sales Manager, and the Delaware Fund as Vice-President and Director of Sales.

H. A. Riecke & Co., Inc. has branch offices in Wilkes-Barre and Clearfield, Pa., and Daytona Beach, Fla.

Storz-Wachob-Bender Co.

OMAHA, Neb. — Wachob-Bender Corporation, Farnam at 37th Street, announce the change in its corporate name, as of March 1, to Storz-Wachob-Bender Co.

Officers are Robert H. Storz, Chairman; Robert F. Bender, President and Treasurer; M. J. Warren, Executive Vice-President; Fred C. Colby, Marie H. Flanagan and E. J. Ternus, Vice-Presidents; Charles F. Heider, Secretary; Jack L. Reece and C. William Daly, Assistant Vice-Presidents; and Frank V. Lawson, Jr., Assistant Secretary.

Addison Haugan

Addison Haugan passed away Feb. 7. Mr. Haugan was a Vice-President of the Milwaukee Company, making his headquarters in Janesville, Wis.

The Automobile Industry And Investment Implication

By Malcolm D. Brown,* *Research Department, R. W. Pressprich & Co., New York City*

Auto market analyst discusses passenger car growth rate and prospects, the cyclical nature of the industry, and the possible volume for 1960-1962—all of which have an obvious bearing on investment policies with respect to automobile stocks. Mr. Brown tabulates the wider swings of auto output to FRB index of production and of auto market values to industrial stocks generally. Further, he calls attention to a three-year sequence in production, to the possibility of encouraging demand for cars, and to the likelihood of a 1960 registration of 7.4 million new domestic and foreign cars with an 800,000, above or below, margin for error. Excluding imports, the corresponding estimate for domestic cars is 6.9 million cars with 5.8 million for model year and 6.1 million for the calendar year.

A prominent spokesman for the industry has predicted that automobile production or demand will grow at 3% annually, compounded. This is not a highly impressive rate. It is one at which a doubling requires 23½ years and which brings a gain of 34.4% in ten years. International Business Machines has exceeded that ten-year gain in a single year. The unit production of automobiles has not attained a 3% growth rate in the past. In the best seven years of the 1920's (1923-29) the domestic shipments of automobiles made in the United States averaged 3,629,000 units. In the best seven years of the 1930's (1933-39) this figure was 3,501,000. For the best seven years of the 1950's (1953-59)—estimated to a minor extent—it was 5,898,000.

Malcolm D. Brown

In the 20-year span separating 1933-39 from 1953-59 the growth in this figure was equivalent to 2.7% annually, compounded. That growth started from the relative stagnation of the 1930's. Over the 30 years separating 1923-29 from 1953-59 the growth was equivalent to only 1.6% annually, compounded.

This latter figure almost exactly equaled the growth in population expressed in families. For every thousand families of concurrent population, domestic shipments of automobiles averaged 119 in the years 1923-29 and averaged 119—the same figure—in the years 1953-59. In the years 1933-39 this figure fell to 79.

The growth rate has evidently not increased significantly in recent years. Registrations of new cars averaged 5,364,000 in the five years 1950-54 and averaged 5,868,000 in the five years 1955-59—the latter again estimated to a minor extent. The gain in the five-year span separating 1950-54 from 1955-59 was equivalent to only 1.8% annually, compounded. the registration of new cars per thousand families averaged 118.3 units in the years 1950-54. This average rose only to 118.8 in the years 1955-59.

The realization of a significantly increased rate of growth would require some combination of three developments:

(1) A substantial acceleration in the growth of the number of cars in use.

(2) A significant increase in the rate of car scrappage with a consequent lowering in the average age at which cars are scrapped.

(3) A rather pronounced shift, at least for a time, in the age distribution of cars so that younger cars come to represent an unusually high proportion of the cars in use.

Cyclical Swings Are Wider

The growth of automobile production has often been overshadowed by wide cyclical swings which, at their extremes over the last decade, have witnessed the *production* of 7.92 million cars in the United States in 1955 and 4.24 million in 1958.

Over the last 40 years automobile production has consistently shown wider swings than the Federal Reserve Index of Industrial Production. My paper presents the record. I will here cite only two illustrations. Moving down from high points to low points between 1957 and 1958 the Federal Reserve Index dropped 13% while automobile production dropped 63%. The Federal Reserve Index increased by 20% from a low in 1954 to a high in 1956. The corresponding move in automobile production was 193% from a seasonally adjusted low in 1954 to a seasonally adjusted high in 1955.

Wider Swings in Auto Stock Prices

Consistent with wide swings in automobile production the market values of automobile stocks have fluctuated more widely than those of industrial stocks in general. Again, my paper presents details which I will now only illustrate. The Dow-Jones Industrial Average rose 106% from its 1953 low to its 1956 high. Corresponding moves were 202% for General Motors and 80% for Chrysler. The Dow-Jones Industrial Average dropped 20% from its 1956 high to its 1957 low. Corresponding moves were 39% for General Motors, 57% for Chrysler and 43% for Ford. The Dow-Jones Average rose 65% from its 1957 low to its high in January 1960. The corresponding moves were 78% for General Motors, 65% for Chrysler and 160% for Ford. As of a recent date the Dow-Jones Average has dropped 7% from its January high while General Motors has dropped 15%, Ford 15% and Chrysler 14% (the Chrysler stock was off 22% from the high last October).

Scrutinizes General Motors' Growth

My remarks tend to obscure historical facts concerning individual companies.

While the General Motors stock has fluctuated widely it has risen from less than 4% of the Dow-Jones Industrial Average in 1929 to a peak of 10.3% in 1955—from which peak it has receded somewhat. While domestic shipments of automobiles in the years 1953-59 were 68% greater than in the last seven years of the 1930's, the dollar sales of General Motors rose by 825% over the same period.

These facts reflect inflation, the postwar trend towards larger and more expensive cars, a growth in truck production, diversification to some extent, and, of course, the increased stature of General Motors wtihin the automotive industry. General Motors accounted for about 34% of the industry's car production in 1929. This ratio reached a peak of 53% in 1956.

Further substantial growth of this nature may be questioned. It will be difficult to take percentage points of market penetration away from Ford — now again a very strong competitor. Ford may even take a greater percentage of the market. Chrysler, it can be hoped, will at least hold its penetrations within the range realized in recent years. Even if American Motors and Studebaker-Packard can be pushed back from their recent prominence the percentage points thus to be transferred to General Motors would not be a heavy consideration. And the public interest in compact cars implies that the trend to large and elaborate cars has reached its peak.

Regardless of possible further growth the cyclical characteristic may well predominate in the next two or three years. This holds for all the passenger car builders.

Prospective Automobile Demand

Predicting automobile demand early in the year is chancy business. We need only to note that at this time of year no one—and I mean no one — came close to predicting the bonanza car production of 1955 or to anticipating that 1958 would witness the lowest production since 1948.

In my own thinking I put considerable reliance upon the production or sale of cars over a three-year interval. It was evident in the 1930's and it was evident to some extent in the 1920's that a large volume of cars over a three-year interval had a depressing effect upon car demand in the fourth year. This has again become evident since 1950.

Over the last decade the year by year registrations of new cars have swung from 18.1 to 31.3 per million dollars of real Disposable Personal Income on a 1947-49 basis. That is a spread of 13.2 cars per million of income. The higher figure is 73% above the lower. Moreover, the lowest new-car registrations per million of real income occurred in 1958, when Disposable Personal Income hit a new high. The highest new-car registrations per million of income were attained in 1950, when real income was much lower.

The fluctuations in new-car registrations largely reflect the number of relatively new cars in use. The 1955 record of 7.17 million registrations of new cars occurred when the total of such registrations in the three preceding years was equivalent to 333 per thousand families. This was an unusually low three-year total. Its paucity contributed to the high automotive activity of 1955.

In the three years preceding 1956, preceding 1957 and preceding 1958 the registrations of new cars remained virtually constant at record levels: 392, 390 and 393 per thousand households. This tended to preclude heavy new-car registrations in 1956, 1957 and 1958. For each million of Real Disposable Income these registrations were 23.6 and 23.4 in 1956 and 1957 and 18.1 in 1958—the lowest during the 1950's.

Tenuous though it may be, statistical justification exists to say that the spread of 13.2 in the number of new-car registrations per million of income can be reduced to a spread of about 5½ by taking the three preceding years into account. This is a useful narrowing of the area in which the figure will fall in the coming year. It also demonstrates that a prediction for the coming year cannot be closely accurate.

Offers Estimated Registration Range

There were only about 332 registrations of new cars per 1,000 families in the three years 1957-59—almost the lowest three-year sequence since 1947-49 and a trifle lower than the three-year sequence preceding 1955. On that basis 7.4 million seems the most probable number of new cars to be registered in 1960. This figure is not a precise prediction. The actual figure, I would guess, can be as much as 800,000 above or below the 7.4 million.

There are reasons to believe the new car demand will tend towards the high side of the above range.

(1) Perhaps with some trepidation we will note that general business is in recovery and confidence on the rise, as in 1955.

(2) Ford has a basically new design in 1960 and each of the Big Three is offering compact cars. These things add up to a great deal of new product stimulus. Potential buyers in 1959 may well have waited until 1960 at least to see the compact cars before they bought.

(3) The steel strike undoubtedly impeded car sales in 1959 and spilled them into 1960.

Now, returning to the three-year sequence concept, that concept permits speculation beyond 1960. The three-year sequence should build up through 1960 and 1961, tending to restrict automobile demand in 1961 and 1962. Limits of probability can be established for 1961 and 1962. On any reasonable assumptions—but including a strong 1960—it seems highly probable that new-car registrations will return to the 6-million level by 1962. If the strength continues through 1961 a much lower figure is conceivable in 1962.

Stock Market Implications

For brevity I will mention General Motors only. The median expectation for 1960 registrations of new cars warrants an estimate of $3.80 per share to be earned by General Motors. Conceivably, General Motors can earn more than $4.00.

The stock should, then, have the support of strong earnings in 1960. With such earnings favorable dividend action would seem a possibility, probably late in the year. That also would bolster the price of the stock. But in 1961 or 1962 General Motors earnings may again be down to $3.00 or lower. The stock may then recede relative to industrial stocks in general as it feels the impact of the probable earnings in those years.

Concludes With a Margin for Error

As noted in my paper, a forecast for 1960 at this time of year is entitled to a large allowance for error. The paper puts the registrations of new cars at a most probable volume of 7.4 million units. That figure includes imported cars. The corresponding retail deliveries of domestic cars —tantamount to new-car registrations excluding imports— would be 6.9 million. The error in either of these figures might even be as much as three-quarters of a million units.

As the model year progresses, projections based on seasonal factors will furnish an increasingly reliable indication of the year's results. Retail deliveries in November alone indicated an annual rate of 4.47 million cars. This became 4.05 million on a December base. These low figures of course reflected the steel strike. Production was impeded and the dealers were short of cars and unable to deliver.

The flow of cars to dealers resumed in good volume in the first week of January and was first reflected in retail deliveries in the second 10-day reporting interval in January. January as a whole indicated an annual rate of 5.55 million deliveries and based on a month ended Feb. 10 the figure became 6.15 million.

With deliveries continuing at that rate they should total some 5.8 million for the 1960 model year and some 6.1 million for the calendar year. This is at the bottom limit of the margin for error already noted.

A reliable fix on the model and calendar year results must await the actual figures at least through March. By that time the projections may work out well within the margin of forecasting error.

Percentage Changes Between High and Low Points

	Period	Industrial Production	Automobile Production
Increases:			
1 a	1921 to 1922	56	322
2 a	1932 to 1934	39	214
3 a	1938 to 1939	56	155
4 a	1949 to 1950	19	33
5 a	1954 to 1956	20	193
Declines:			
1 b	1920 to 1921	—33	—70
2 b	1929 to 1932	—54	—82
3 b	1937 to 1938	—34	—71
4 b	1948 to 1949	—10	27
5 b	1953 to 1954	—10	—60
6 b	1957 to 1958	—13	—63

NB: Changes in industrial production rest upon the Federal Reserve Board Index of Industrial Production. Changes in automobile production rest upon the Federal Reserve Board Index of Auto and Truck Production in lines 1 a and 1 b; upon Ward's auto and truck production (seasonally adjusted) in lines 2 a, 2 b, 3 a and 3 b; upon seasonally adjusted auto production excluding trucks in the other lines.

SOURCE: Lionel D. Edie & Company

	—% Chg. from Preceding High or Low—				—Ratio—		
	D-J Ind. %	GM %	CHR. %	FORD %	GM %	CHR. %	FORD %
1929 High	----	----	----	----	3.95	17.5	----
1932 Low	—89.5	—91.7	—96.3	----	3.13	6.2	----
1937 High	382.2	901.0	2,675.2	----	6.57	35.4	----
1938 Low	—50.2	—66.9	—74.5	----	4.36	18.1	----
1938 High	63.0	122.6	166.8	----	5.95	29.7	----
1942 Low	—41.7	—49.6	—55.9	----	5.15	22.4	----
1946 High	130.2	180.9	238.8	----	6.28	33.0	----
1946 Low	—24.8	—40.6	—46.6	----	4.95	23.4	----
1953 High	83.8	192.0	160.4	----	7.83	38.4	----
1953 Low	—13.8	—23.1	—42.6	----	7.02	22.1	----
1956 High	106.2	202.0	80.4	----	10.30	19.4	12.08
1957 Low	—20.6	—38.6	—56.7	—43.4	7.95	10.6	8.62
1960 High	64.5	77.7	65.1	160.3	8.59	10.6	13.63

*A talk by Mr. Brown before the 41st Mid-Winter Trust Conference of the American Bankers Association, New York City, N. Y.

Western Securities Branch

COLORADO SPRINGS, Colo. — Western Securities Inc. has opened a branch office at 1701B South Eighth Street under the management of Richard T. Hereford.

Now Canfield & Co.

OKLAHOMA CITY, Okla. — The firm name of Calvert & Canfield, Hales Building, has been changed to Canfield & Company. H. D. Canfield is a principal of the firm.

Now J. O. Funk Co.

TULSA, Okla. — James O. Funk Co. has been formed with offices at 420 South Main Street to continue the investment business of James O. Funk.

Joins Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Roger A. Stefany has become associated with Shearson, Hammill & Co., 208 South La Salle Street. Mr. Stefany was formerly manager of the Indianapolis office of Francis I. du Pont & Co.

The Outlook for Banks And Finance Companies

By F. W. Elliott Farr,* *Vice-President of Girard Trust Corn Exchange Bank, Philadelphia, Pa.*

Philadelphia banker anticipates continuing improvement for bank stocks during 1960, avers Western and Southern banks still have real growth characteristics, and finds divergent trend heretofore in favor of finance companies is not likely to continue as banks wake up to opportunities they formerly ignored. Mr. Farr singles out two antipodal banks, one in New York City in wholesale banking and the other in California in retail chain banking, to contrast their current earnings and earnings prospects; depicts Bank of America at less than 14 times earnings as not unreasonable when compared to the average industrial; and expects auto finance companies should do well in 1960 and small loan companies not as well—but endorses both for long term income and growth.

For 1960 and well into 1961, we can look forward to a continued rise in earnings for the banks—of a similar order to that which took place in 1959. We are, in fact, witnessing the culminating phase of a cycle starting shortly after World War II in which the great liquidity created during the war through savings has gradually been absorbed through spending and borrowing on the part of almost all segments of the economy.

Analyzes Two Diametrically Opposed Types of Banking

Banks differ a good deal in their operations and therefore react to changing conditions in somewhat different ways. In order to clarify some of the more important things that have been happening, let us look at two large but vastly different operations representing the antipodes of types in our system—Morgan Guaranty Trust and Bank of America. The one is a typical form of what has come to be known as a wholesale bank while the other is the quintessence of successful retail chain banking. In between these two poles of banking success lie the positions of almost all other leading banks. Perhaps some analysis of the poles will help us to understand the intermediate position of the banks for which most of us work. Not to stray too far, we will confine the brief analysis to what has happened since 1955.

Morgan Guaranty's deposits since 1955 show a moderate decline. This is attributable to a continued shift of deposits to the South and West and to the undoubted fact that large corporate depositors now use idle balances in the money market rather than leave them at the discretion of the banks. In spite of the deposit trend, however, Morgan Guaranty's gross income in four years (1955-59) has increased more than 50%. This is largely a reflection of an increase in interest earnings from an average of 2.81% in 1955 to 4.20% in 1959—up 49%. That this trend is continuing is revealed by an average rate of 4.7% in December 1959. As loans and investments continue to roll over, a rate of 5 to possibly 5¼% may be achieved. It is my estimate that net operating earnings in 1960 will increase at least as much and probably more than in 1959 and per share earnings at the rate of $7.00 or more are probable before the end of this year compared with $5.86 reported for 1959. If this estimate is correct it means a growth in earnings in the five year period 1955-1960 from $4.77 to $7.00 which is 70% —and all this on a decline in deposits!

But this is a misuse of the term **growth** as it is used in discussing investments. The phenomenon is merely that of a cyclical adjustment and not a secular trend. And from a long-term investment point of view it is very important to recognize the difference. We are now approaching a peak area for short-term interest rates and earnings gains from this source will cease as soon as loans and investments have rolled over to the new rates. After that has occurred, earnings will probably tend to decline even though interest rates stay up because of the almost inexorable trend of costs. Morgan Guaranty's **costs** before income taxes in 1959 were only 41% of gross—just about as low as can be found anywhere. But, in the past few years, costs have been rising quite as rapidly as gross not so much because of increased volume but on a unit basis. If and when interest rates should decline again, few if any banks will be able to shrink costs in line and margins will fall.

What we are saying is that Morgan Guaranty's earnings will peak out at say $7.00 to possibly $7.50 in 1960 and 1961 and that after that earnings will be very sensitive to any downward change in interest rates. Since a $5.00 dividend (4½% return) is a good probability if my forecast is sound, one can decide whether the stock offers a sound alternative to a 3% industrial growth issue or a 5% triple A bond.

The wholesale departments of most large banks have had much the same experience as Morgan Guaranty in the same period but most have a participation in retail functions which has a modifying effect. Bank of America typifies the institutions which give full emphasis to multiple office retail banking in an area which is growing rapidly not only in population but in industrial activity. While Morgan Guaranty's deposits were falling from 1955 to 1959, Bank of America's rose by 20%. Strangely, however, earnings were up only 23%, compared with 43% for Morgan Guaranty. Some of the reasons for this strange behavior are these.

(1) Half of Bank of America's deposits are savings and interest paid has been increased from 2% to 3%—up 50%.

(2) Retail interest charges are high and relatively inflexible—they are insensitive to changes in the prime rate.

(3) Mortgages—often a large investment of the retail bank—roll over very slowly and therefore adjust to changed rates equally slowly.

(4) Many retail banks have had a tendency to carry longer maturities in their investment portfolios than is characteristic of the wholesale banks.

Since Bank of America has had a more delayed reaction to the change in interest rates, it follows that the stimulating effect of the rise will continue to be felt long after it has shot its bolt in the banks which are able to roll-over rapidly. Combined with this deferred effect of roll-over, is the basic deposit growth of the area. It is my belief that the earnings growth of Bank of America will persist long after the earnings of Morgan Guaranty have rounded off and perhaps begun to decline. Growth in this case is secular and real, not just a cyclical phenomenon.

Speed of Roll-Over of Investments and Loans

At this point, perhaps, it would be well to digress briefly on the subject of the speed of roll-over of investments and loans. The bulk of bank loans adjust to new rates within a year but the period may be much longer for banks which have participated importantly in the field of term loans. For portfolio investment, however, the rate of roll-over is dependent on two factors: **first,** the average maturity of the portfolio and **second,** the willingness of management to take losses in order to enjoy more quickly the operating benefit of new rates.

For example, Morgan Guaranty during 1959 accepted the loss in its short portfolio in the amount of about $10,000,000, and thus rolled over its government bond portfolio almost completely by the end of the year. Many other banks still have portfolios, averaging three to five years which are producing subnormal current earnings. In the normal course of events, the complete adjustment to new interest rates will take several years but if management is willing to take capital losses, the adjustment can be achieved immediately. Here is a simple example—A bank has a $10,000,000 investment at par in 2½s due August 1963. Income carried to operations is $250,000 per annum. If held to maturity these bonds will roll over at no loss in 1963. If the bonds are sold now at 93, a loss of $700,000 must be charged to reserves or undivided profits but the return will immediately jump on reinvestment in say, 4¾s due May 1964, from $250,000 to **$410,000** a gain of over 60%. Since the yield to maturity on the two bonds involved in the switch is the same in the market, the switch washes out the effect of past mistakes on the income account by accepting a loss in capital. In the long run it will all come out about the same way since income gain will eventually balance off the capital loss but—and this is the important thing—such portfolio shifts distort current earnings and may unjustifiably make one bank look better than another for a period. In comparing earnings now being reported and those which will be reported in the next year do not accept reported operating income as a valid basis for comparison.

Earnings Are Becoming More Cyclical

In tracing the differences of our two antipodean banks—there is one similarity which is inescapable and important from the point of view of the investor. Earnings are becoming more cyclical as costs rise and profits are becoming more and more dependent upon forces beyond the control of management. Thus it is no longer satisfactory to regard a bank stock as a sort of preferred stock which will assure a minimum dividend in bad times and hopefully give an increase in good times as well. More and more one should become suspicious of generalizations of this kind which often serve a purpose but which are more damaging than helpful if not cast off in time.

It is my belief that 1960 will be a year of continuing improvement for bank stocks all over the country. The New York Banks stocks as a group are selling at about 15 times earnings to yield 3½%. They are selling at only 12½ times my estimate of earnings likely to be achieved within the next two years and on this basis they are not priced like growth stocks and in my opinion are not out of line with other stocks as a group. On any substantial move-up in price, however, they might well be candidates for sale. The Western and Southern banks still have real growth characteristics and the good ones should be held where growth is an important objective. Compared with other growth issues they are not out of line. Bank of America—at less than 14 times earnings — seems not unreasonable when compared with the average industrial. If the growth trend persists—it could be considered relatively cheap, since it is no more highly valued than the average New York bank and a good deal less than some with inferior long-term potentials.

Examines Credit Finance Companies

And now to touch briefly on the credit finance companies.

This branch of the banking industry is particularly fortunate since its well heeled members hire funds as they are required and fire them when no longer needed. Perhaps this also applies to personnel to a larger extent than is often true in banks. It permits the industry to get profitable business when it is available whereas banks' deposits do not automatically adjust to loan demand. The banks pay for money all the time in the form of service expense and saving bank interest regardless of whether the funds can be fruitfully employed or not and often when bank deposits are most needed, they have been converted by corporate treasurers to loans to the credit companies!

The result is that investors in the stocks of leading finance companies over the past 30 years have done vastly better than traditional bank stock investors. In the future, the trend is not likely to be so divergent in favor of the finance companies since the banks are waking up to banking opportunities which they formerly passed by. This does not mean that the finance companies are about to go into a decline. They are aggressively and ably managed, they have know-how and they have a demonstrated ability to roll with the punches. The top rated companies can be counted upon to continue their growth on a profitable basis. In 1960, the auto finance companies should do well, the small loan companies less well. For the long-term, both categories are soundly held for income and growth.

Bank stocks which are in the discretionary common trust fund of my bank at this time represent 7½% of total commons which in turn are above 55% of total assets. The individual banks are:

(1) Firstamerica
(2) Security First of Los Angeles
(3) First National of Boston
(4) Continental Illinois National Bank & Trust
(5) First National City
(6) Morgan Guaranty Trust
(7) United States Trust Co.

*A talk by Mr. Farr before the 41st Mid Winter Trust Conference of the American Bankers Association, New York City, Feb. 8, 1960.

J. R. Chapin With Eaton & Howard

John R. Chapin, Jr., has become associated with Eaton & Howard, Inc., nationally-known Boston investment counsel firm and Managers of Eaton & Howard Balanced Fund and Eaton & Howard Stock Fund. Following World War II service with the U. S. Navy, Mr. Chapin was associated with Kidder, Peabody & Co., until 1953. More recently he had been Vice-President and Manager, Value Line Investor's Counsel, Inc. As a representative of Eaton & Howard, Inc., he will make his headquarters in the firm's New York office, 25 Broad St.


John R. Chapin Jr.

Stryker & Brown Admits Sheriff

Stryker & Brown, 50 Broad Street, New York City, have admitted Leonard S. Sheriff to general partnership.

Elmer Powell Admits Partners

PITTSBURGH, Pa. — Elmer E. Powell has admitted Robert E. Ferrero, Elwood M. Jepsen, and Shirlie E. Clelland to general partnership in Elmer E. Powell & Co., Union Trust Building. All the new partners were formerly associated with C. S. McKee & Co.

Elmer E. Powell & Co. are members of the Pittsburgh Stock Exchange.

Semmann Ins. & Realty

MILWAUKEE, Wis. — The firm name of John L. Semmann Co., 4850 West Fond du Lac Avenue, has been changed to Semmann Insurance & Realty Corporation.

With Continental Secs.

(Special to The Financial Chronicle)

MILWAUKEE, Wis. — Carl R. Raymore has become affiliated with Continental Securities Corporation, 611 North Broadway. Mr. Raymore was formerly with Seligmann & Co. and Bache & Co.

New Profits From Chemical Research

By P. B. Cannell,* *Executive Vice-President, Chemical Fund New York City*

Chemical investment authority, asserting that the industry is in forefront of all industrial research, cites brilliant examples of companies whose earnings and dividend growth have been thereby stimulated. Lists research areas and companies offering investment attraction in the 1960's, including aluminum, special paints, space flight, adhesives, farming, synthetic rubber, special metals, new energy sources, plastics, glass, and graphic arts. Concludes profits and dividends will continue gratifying.

I should like to speak about research, the tremendous implications of scientific research, and particularly about chemical research. I shall wind up by mentioning a few specific areas of chemical research that seem promising, from an investment standpoint, for the 1960s.

Peter B. Cannell

First, research generally. Before the first World War industrial research spending in the United States ran around $25 million per year. Today such spending is about $12 billion per year. Since World War II the amount of research carried on in this country has exceeded all the research carried on in our entire history before the war. Spending for research and development has about doubled in just the past six years. For 1962 the current $12 billion rate may be up to $15 billion; by 1969, $28 billion.

There is a rule of thumb among industrial planners that there is a time lag of five to seven years between the conception of a product in the research lab and the point at which it is commercially launched, and that each dollar that a company invests in research eventually results in $5 to $6 in new sales. This is only a very rough guide because some developments obviously take longer than others to commercialize. But assuming that this time lag is reasonable, many of the rapid changes taking place today result from research labors of, say, 1954 or earlier. Since research expenditures now are running at double the rate of 1954, the implication is that the 1960s will be even more rewarding from a technological standpoint. The $12 billion spent on research and development last year may produce over $60 billion of new sales by the late 1960s. Fifteen years from now half of the goods that you and I will buy and use may not be produced or even known today.

Chemical Research

Let's turn now to chemical research in particular. There are basically two areas of science—physics and chemistry. One involves physical changes, such as stamping out parts or in automobile manufacture; the other involves the rearrangement of molecules. Everything in the world, all of us in this room, are made up of about 100 elements. By recombining these elements chemists are literally remaking the world.

The chemical industry is in the forefront of all industrial research. No other industry invests as much of its own money in research and development (excluding government funds) and no other industry invests as much in basic or "pure" research. The McGraw Hill Department of Economics estimates that 16% of the chemical industry's sales this year will come from products not manufactured commercially in 1956. Union Carbide reports that half of its net income comes from products and processes unavailable 15 years ago. Procter & Gamble points out that two-thirds of its household business is in products not manufactured 12 years ago.

There are two subjects that I would like to cover here parenthetically, but I don't have time to more than touch on each. One is the basic advantage inherent in chemicals and chemical processing in an inflationary economy—relatively low labor costs, automation, high plant investment, cheap and abundant raw materials and mangements that are used to change and welcome change.

The other subject is the past record of chemical research — the products, familiar to all of us, that have come to market as a result of past research—synthetic fertilizers, sulfa drugs, high octane gasoline, nylon, scotch tape, penicillin, plastics, synthetic detergents, aerosol sprays, synthetic rubber, and so forth.

The Growth Investments

I think that you are also familiar with the great past growth investments in chemistry—companies whose earnings and dividend growth have been stimulated by chemical research: Dow Chemical, Minnesota Mining, Rohm & Haas, Thiokol Chemical, Polaroid, Merck, Norwich, Smith, Kline & French, Goodyear, Corning Glass, National Lead, Eastman Kodak and others.

This brings me to the final topic that I would like to cover. What are some of the areas now in research that look attractive from an investment standpoint in the 1960s? I shall mention several that seem to me to be promising:

Aluminum

The markets in transportation, containers and in construction are wide open. For example, the average 1960 model car uses about 60 pounds of aluminum. This may increase to several hundred pounds per car over the next few years, particularly if car makers switch over to aluminum engines.

Kaiser Aluminum, Alcoa, Reynolds Metals, Aluminium, Ltd. and Pechiney of France are the leading investments in aluminum.

Special Paints

The paint business generally is not very dynamic. However, certain aspects of it should grow rapidly. As we are all painfully aware, professional painters get paid about $3.25 per hour and the cost of having a room painted may run about $50 or more. On a do-it-yourself basis the job will cost about $7.00. And so the trend toward do-it-yourself painting certainly makes sense, particularly in view of the new paints that have been and are being developed. These are the so-called water-base latex paints made from styrene-butadiene, acrylics and polyvinyl acetates. These new paints now have a major share of the indoor paint market. Research is now producing improved compounds that during the 1960s may capture an important share of the 60 million gallons-per-year outdoor paint market.

Companies active in research on these new paints include Sherwin-Williams, National Starch, National Lead, Rohm & Haas, and du Pont.

Space Flight

Chemistry is involved in every aspect of missile technology, including structural materials, electronic components and propulsions systems. Long range missiles now use liquid propellants—kerosene type fuels and liquid oxygen as the oxidizer. Before long liquid hydrogen will be the accepted fuel and perhaps liquid fluorine as the oxidizing agent. Shorter range missiles use solid propellants, such as a resin binder into which is mixed amonium perchlorate as oxidizer. There has been a trend toward solid propellant systems in long range missiles, of which the Minuteman is one example.

Among the many chemical companies contributing to the missile program are Hercules Powder, Thiokol, Atlantic Research, Aerojet General, Allied Chemical, Olin Mathieson, American Potash, Hooker Chemical, Air Products, and Union Carbide.

Adhesives

Chemical adhesives should show a good rate of growth in years ahead. In fact, some enthusiasts see the day when nails may be obsolete. Bonds of metal-to-metal, glass-to-metal and wood-to-glass are increasing in use. New and improved adhesives are continually increasing their penetration into aircraft, missiles, paper, shipping containers and construction markets. Vinyl floor tile, applied with adhesives, is common. We may soon have parquet plywood flooring that can be put down with adhesives instead of nails. Adhesives will be used in non-woven fabrics, to replace stitching, and in prefabricated building materials.

Scores of companies are active in this field. Notable examples of companies doing outstanding research on new adhesives are Eastman Kodak, National Starch and Shell Oil Co.

Drugs

The most dramatic progress in the drug field will come in those areas where the challenge is most pressing. For example, heart disease, cancer and mental illness. Though it is impossible to predict success in these areas as to time, it appears possible that during the 1960s drug research will provide cures for cancer and heart disease, effective vaccines for the common cold and measles, new chemicals to prevent athlete's foot and other fungus diseases, antibiotics effective against staphylococci and other virulent strains, new steroids for cardiovascular and bleeding disorders — more effective mental health — improved pain relievers and even mental health drugs.

Among the many outstanding drug companies, I might mention Eli Lilly, Carter Products, Merck, Norwich, Schering, Searle, Smith, Kline & French, Upjohn and Vick Chemical.

Farm Chemicals

Pesticides, insecticides and other related farm chemicals may double in sales during the 1960s. The Department of Agriculture estimates that weeds are now causing crop damage of about $4 billion per year, that plant diseases cause annual damage of $3 billion and that even rats may bring about economic damage of over $1 billion per year.

Among the more promising areas of research are new organic phosphate compounds. Also systemic insecticides which are absorbed by a plant through its sap system, thus making all parts of the plant toxic to certain types of insects. Microbial insecticides are also intriguing. These are microbes that kill insects but are otherwise harmless.

Companies active in this type of research are Stauffer Chemical, American Cyanamid, Dow and Hercules Powder.

Synthetic Rubber

Since World War II synthetic rubber has tended to displace natural, tree-grown rubber so that today about 65% of all rubber used in this country is synthetic—most of it derived from the petrochemicals, styrene and butadiene.

Research has been busily exploring new types of synthetic rubber and during the 1960's we shall probably see large volume use of new, so-called "synthetic natural" rubber, which substantially duplicates the natural rubber molecule and should sell at a lower price than natural rubber. One such new variety is polyisoprene. The companies to watch in this new field are Shell Oil, Goodyear, Firestone and Goodrich.

Special Metals

As greater and greater speeds are attained by aircraft and missiles, materials able to withstand excessive temperatures will be needed. Columbium, tantalum, beryllium, tungsten and molybdenum seem promising, although many technological problems must be overcome.

In the electronics industry chemically purified metals should grow rapidly in use—silicon for rectifiers and transistors, tantalum for capacitors. Atomic energy metals having special nuclear characteristics are zirconium and beryllium.

Companies working actively on the new metals are Union Carbide, du Pont, National Lead, Fansteel, Kawecki, Wah Chang and Ceryllium Corp.

New Energy Sources

The fuel cell has excited a lot of interest recently. This is a means of converting chemical energy—hydrogen, for instance—into electricity. Theoretically the efficiency of such a system is 65%-85% as compared with 25%-35% for large power plants today.

All of the large electrical equipment companies are pushing research on fuel cells.

New Plastics

Sales of plastics may double during the 1960's. I have time remaining to cover only a couple of areas of plastics growth that seem to me most promising.

Polyurethanes: cheaper and lighter than foam rubber, used a upholstery, carpet underlayers wall panels, crash pads for dash boards and so, on. General Tire, Nopco and Monsanto are three of many companies in this field.

High-Performance plastics: du Pont's Teflon and Delrin, Hercules' Penton and Minnesota Mining's Kel-F. Teflon and Kel-F are fluorinated hydrocarbons. They are resistant to heat, chemicals and electricity. They are nearly frictionless and thus have unique possibilities in gaskets and bearings. Self-lubricating bearings of this type may provide us with a greased-for-life car that needs no body lubrication.

Du Pont's Delrin was introduced last year after 11 years of research and an expenditure of $42 million. Delrin is a high-performance plastic that aims to move in on the market for metal parts and castings, such as car door handles.

Other plastics for the 1960's are epoxies(where Shell Oil is the leader), polypropylene (where Hercules appears to be in the lead), polycarbonates (in which General Electric and Monsanto are leading the way), and glass-reinforced polyesters where the boom in boat building should continue.

Glass

Glass. In the glass field the important developments for the 1960's will include broadened markets for pyrcerams, a new crystalline glass now beginning to be used in kitchen houseware and also glass electronic components. Corning Glass in this country and St. Gobain in France appear to be the research leaders in the glass industry.

Graphic Arts. Photography and xerography should grow very substantially in the 1960's due to new and improved products. Polaroid may introduce color to the picture-in-a-minute field: Haloid, Eastman Kodak, Minnesota Mining and others should make progress on new office reproduction processes. Kodak is working on means by which photographic techniques can be adapted to electronic computers. For example, photographic recording of the output of computers at the rate of 1 million characters per second is possible.

I should certainly mention atomic energy, which may commence to show some real growth in the 1960's. This includes radiation as a means of manufacturing chemicals and irradiated food which some day may make refrigeration unnecessary. Magnetic tape, now a relatively small industry, should mushroom in the 1960's. Also a successful catalyst system for automobile exhaust gases could be a tremendous development, particularly if states make installation of such devices mandatory.

I wish I could tell you which securities you should buy now for growth in the 1960's, and I won't be so crass as to suggest that you buy Chemical Fund. However, we do feel confident that the fruits of chemical research will be substantial during the 1960's and profits and dividends gratifying.

***A paper by Mr. Cannell prepared for delivery at the New School for Social Research, New York City, Feb. 16, 1960. (Read in Mr. Cannell's absence by Mr. Francis Williams, President, Chemical Fund.)**

Milwaukee Co. Official Changes

MILWAUKEE, Wis.—The election of three new directors of The Milwaukee Company, 207 East Michigan Street, members of the New York and Midwest Stock Exchanges, has been announced by Joseph T. Johnson, President.

They include John F. Baumann, Van L. Call and Edward G. Ricker, Jr. Othe rdirectors re-elected by the shareholders include Mr. Johnson, G. Edward Slezak and Harold A. Franke.

Mr. Baumann is a Vice-President and Manager of The Milwaukee Company's municipal bond department. Mr. Call is Treasurer and has been associated with the company since its formation in 1929. Mr. Ricker is a Vice-President and Sales Manager.

Mr. Johnson also said that four men have received promotions. Newly elevated to Vice-President are Wallace M. Krier in the home office, and Russell F. Wouters, Manager of the investment firm's Green Bay Branch.

David H. Klann, of the trading department, was promoted to Assistant Vice-President, and Marvin Neumann has been named Assistant Treasurer.

Smith, Ramsay to Be NYSE Member

BRIDGEPORT, Conn. — Andrew R. Smith, president of Smith, Ramsay & Co., Inc., 207 State Street, on March 10th will acquire a membership in the New York Stock Exchange, and the firm will become an exchange member firm. Other officers are David B. Smith, executive vice president and treasurer, and Lawrence F. Hine, secretary.

Managing Our Trusts as Prudent Men Would Do

By Charles W. Buck,* *First Vice-President, United States Trust Company of New York, New York*

Limitations and handicaps imposed upon trustees by more than a hundred years of court decisions and rulings, according to New York trust banker, condemn trust investment activities to mediocrity, cause trustees to lose ground competitively, and unnecessarily deter experienced and capable trustees from doing the best investment job they know how to do. Pointing to such handicaps as inability to take sound investment measures to avoid taxes and protect assets against price inflation, Mr. Buek warns New York trustees they are in for a sobering disappointment when the State of New York allows them the privilege of the Prudent-Man Rule. To avoid slowing down the entire trust industry's pace to that of a housewife who happens to be a trustee, Mr. Buek suggests standards be set for a "qualified trustee" who would be allowed to exercise his expert judgment.

The subject of my paper was announced in the advance program for the Trust Conference as "Investment Diversification in Personal Trust Portfolios." That was my assignment, and I did some preliminary work on that topic. However, one by one I ran up against the big questions whi[illegible]es have never answered. How could I discuss equity ratios or growth stocks when we have not yet agreed what trustees should do about inflation — if anything. It is not easy to recommend taking profits today when the courts so often frown on our taking losses.

Charles W. Buck

So, with the approval but not the endorsement of the Trust Division, I am going to talk instead about the peculiar form of halfhearted prudence dispensed by trustees today. As you will see, it is my opinion that we cannot go on much longer deciding what is prudent on the one hand, and then what is proper for trusts on the other.

Sometime this year, if all goes well, trustees in New York State will finally be allowed the privilege of the Prudent-Man Rule. This will be a long-awaited day, for we have been disappointed more than once in our efforts to free ourselves of so-called legal investments. We look forward happily to the day when we shall be free—free to manage our trusts as prudent men would do.

If we have been carried away by this exhilarating thought, this vision of freedom, we have a sobering disappointment ahead of us. We shall be far from free to act as prudent men do today in the conduct of their own affairs. As trustees, we shall still be tightly controlled by a strong legal network, some of which dates back more than a hundred years. We will be more like prisoners who have finally sawed through the bars of their cells, only to find themselves still within the high outer walls of the prison. However, we won't be alone in our continuing confinement, for we will find the trustees of other Prudent-Man states strolling contentedly in the prison yard outwardly unmindful of the fact that they really are not free.

There is surprisingly little discussion of the limitations and handicaps imposed upon trustees by more than a hundred years of court decisions and rulings. Perhaps this is because we were all born in captivity, and have never known real freedom in the conduct of trust affairs.

Investment Decisions Become Obsolete

The legal framework within which trustees are confined delineates far more than the responsibilities of trustees and the rights of beneficiaries and remaindermen, and that is where the trouble lies. An attempt has been made by the courts over the years to pronounce what investment media and what types of investment procedures are prudent and proper. These decisions have not always reflected expert investment judgment, and have always been influenced by conditions prevailing at the time. Right or wrong, they have invariably been subject to rapid obsolescence in an ever changing economy.

Yet it is the way of our legal system that these decisions must stand, sometimes for many years, limiting the investment activities of trustees, and sometimes precluding investment procedures which have become widely accepted by prudent men dealing with a new set of financial conditions and problems. If we were to observe faithfully every rule in the book, the investment activities of trustees would very nearly grind to a stop. If that were to happen, the situation would be similar to a phenomenon peculiar to the New York City subway system. Sometimes the platforms are jammed with people, and it seems at first glance that the subways have broken down. However, we find that what is going on is a "Rule Book Strike," when the motormen, to enforce their demands, have merely undertaken to obey every rule in the book. On that basis, the trains don't run.

We are in an unsound situation when trustees must break rules, cut corners, and risk surcharge to do what they believe is prudent for their trusts. Please do not misunderstand my purpose in saying this. I have not merely grown restive under the yoke of regulation and accountability. Trustees will always be accountable, of course. What worries me is that experienced and capable trustees are unnecessarily deterred from doing the best investment job they know how to do.

I say "unnecessarily deterred" advisedly. Under the rules of the trust game as we all now play it, these legal safeguards — these legal handicaps, if you will—are wisely imposed by the courts. But it is within our power, collectively, to change the way we play the game, and to make it unnecessary for the courts to limit our investment activities to a few elementary steps.

We should give more thought than we do to the handicaps under which we function as trustees, and to the obsolescence which creeps into all decisions which concern investment activities. If this problem has never seemed urgent before, it is urgent now. There are three reasons for taking this matter seriously:

(1) Trust investment procedures which conform to every rule in the book prove to be out-of-date and inadequate in the light of prevailing conditions.

(2) Our competitive position as managers of wealth has been weakened; and others are entering our field, prepared to do a more effective job.

(3) This unsatisfactory situation need not continue if we are willing to face up to the underlying fallacy which causes it.

First let us think for a moment about the shortcomings of a trustee, even when he has been blessed with the Prudent-Man Rule. Prudent men today are obsessed by two problems — the avoidance of taxes and the protection of their assets against inflation. Trustees deal effectively with neither of them.

Handicap #1 — The Avoidance of Taxes

It is now one of the facts of life that taxes can erode a fortune more certainly and more rapidly than any other factor. Yet, to this day it is not the duty of a trustee to avoid the payment of taxes, and many of the prudent steps he should take for this very purpose are not acceptable to the courts.

To be sure, many of us in a gingerly manner have been switching tax-exempt bonds at a loss to offset capital gains. Of course, like good trustmen, we have been meticulously careful to match coupons, yields, price, and maturity as well as quality. But the steps taken by expert investment managers, such as the writing up of blocks of stocks, the writing down of other holdings, switching from one corporate bond to another, the offsetting of losses in a bond portfolio by profits in the stock list — these things we generally believe we cannot do.

The simple reason is that the avoidance of taxes is not an acceptable reason for establishing losses. We are not allowed to argue in court that a loss taken in stock A was made up by a subsequent profit in stock B. Undoubtedly, this blind spot in the law traces back to the fact that case law relative to the investment conduct of a trustee began to accumulate long before income taxes were invented.

Handicap #2 — The Preservation Of Purchasing Power

Trustees who try to offset inflation and the declining purchasing power of the dollar must give some other reason for what they are doing. The law is clear—it is not the duty of a trustee to increase the market value of a trust. It is not acceptable to explain that you bought a common stock because you hoped and believed that it would increase in market value. The court held in 1869 that trustees must not undertake the "hazard of adventures" in the hope of growing rich. How could the court have foreseen the time when the preservation of principal would be equivalent to growing poor!

There is nothing in the law —yet—about inflation. Perhaps by 1980, when we account for the investments we are making today, it will be recognized that inflation was a new hazard, justifying investment action which had not previously been considered proper.

Two years ago, at the American Bankers Association's Mid-Winter Trust Conference, Bascom Torrance demonstrated that growth stocks are not always satisfactory investments and inflation hedges. Today may well be one of those times when such stocks should be sold and high-yielding bonds bought in their stead, thereby bringing the purchasing power of the beneficiary up-to-date. However there have been many opportunities in the past 15 years, and there will be again in the future, to increase the principal amount of a trust. It is regrettable that so many trustees, lacking a clear precedent and legal encouragement, have debated their way clear through this period

Continued on page 26

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Oregon used to be one of the most conservative states in the Nation. But in recent years something has happened to it. For one thing there has been a great influx of labor.

The State used to send Republican after Republican to Washington as Senators and members of Congress. Today, and for several years past, it has had two ultra liberals in the Senate and a downright radical in the House. Senator Wayne Morse is so liberal that he can't get along with the other liberals. I should put liberals in quotation marks.

He is now fighting Senator Humphrey of Minnesota, as liberal as they come, and Senator Kennedy of Massachusetts, who styles himself as a liberal but is not as bad as the rest.

There is Senator Neuberger of Oregon, who was elected as a liberal but is amazingly quiet in the Senate, particularly since he had his recent illness.

But the greatest troublemaker of all is Congressman Charles O. Porter. He has been working assiduously at stirring up strife in Latin America. Goodness knows, we are having enough trouble down there as it is. President Eisenhower's trip has been nothing like the acclaim he received in Asia and it has been interspersed with hostile demonstrations.

Congressman Porter is forever on the attack against the "dictators" of Latin America, claims we should do something to dislodge them. He is particularly caustic against Trujillo of the Dominican Republic. It is a fact that Trujillo is a dictator but he is of the so-called benevolent sort.

But it is hard to tell the difference between Latin American republics and dictatorships. They change almost from day to day. Ask any American businessman who has ever dealt with the countries south of the border.

And say what you want to, Trujillo is friendly to this country. He has expressed his friendship in countless ways. For one thing, he permits us to maintain military bases in his country while Castro of Cuba, that great Democrat, is threatening to kick us out of Guantanamo Bay.

Dictatorship or not, Trujillo's is a stabilized country and what we want out of Latin America is stabilized countries.

The same sort of a liberal attack is leveled at Franco in Spain. You are always finding criticism of Franco in the liberal press and by liberal columnists and commentators.

The fact is that when we need friends in Europe, Franco is a friend. He permits us to have bases on his soil.

The liberals are behind the great fight to show that our defenses are inadequate. They are making such an outcry in the country that, as Eisenhower says, they are doing the country a disservice.

The leading exponent of this theme is Senator Symington of Missouri, a candidate for President. That is one of his issues. Senator Kennedy and Senator Humphrey agree with him. The Democrats as a whole say this is one of the great issues of the campaign as against the Republicans' campaign of peace and prosperity. The Democrats' theme is that our defense posture has been severely weakened by the Republican Administration and that a continuance of present policies constitutes a threat to our very survival.

The answer to the charge that our defense posture has deteriorated is that the responsibility for this condition, assuming it obtains, belongs to the previous Democratic Administration. Senator Symington was Secretary of the Air Force under Truman. We almost completely disarmed after World War II and the record is that when the Korean War came on we were wholly unprepared. This was during Symington's administration. The Russians started to develop their missiles in 1950. This was during Symington's administration and he didn't consider it serious enough then to spread an alarm.

Form Remrol Funds

VALLEY STREAM, N. Y.—Remrol Funds, Inc. has been formed to engage in a securities business from offices at 5 Sunrise Plaza. Officers are Stanley Closter, President; Frank Robinson, Treasurer; and Milton Track, Secretary.

Dempsey-Tegeler Branch

AUSTIN, Minn.—Dempsey-Tegeler & Co. will open a branch office at 209 West Mill Street, under the management of Gerald R. Wilson.

Let's Not Fool Ourselves

By Roger W. Babson

Ability of the Federal Reserve to fight recession is believed to have been seriously weakened by our gold-outflow problem. Mr. Babson measures inflationary wage pressure against money managers' anti-slump effectiveness, and hopes that in the next recession that the labor managers will not win over the money managers.

My associate John Henry, Editor of our Washington Forecast, feels strongly that the American people are fooling themselves by over-confidence in the Federal Reserve Board—they believe that by some magic our nation can avoid further depressions.

Is the Money Market All-Powerful?

Let me relay Mr. Henry's thoughts. The notion has become widespread that the easing and tightening of money and credit by the FRB can eliminate the dangerous hills and valleys in our economic progress . . . thereby keeping inflation reasonably in hand and barring anything more serious than occasional mild recessions. This conclusion is supported by recent history.

Since World War II, we have had three business recessions—1949-1954, and 1957. In each case, the FRB hastened to curb the decline by making money and credit more plentiful and cheaper. Conversely, the Fed restricted money and credit whenever spiraling inflation became a threat.

Another Depression in the Offing

Although there has been a tendency for each business decline since the war to be a little more severe than its predecessor, none has been even remotely comparable to those of 1937 and earlier. However, the Federal Reserve has been given most of the credit for keeping these recessions mild . . . and for turning them into periods of recovery.

Now that the steel strike has been settled in a manner which will inevitably mean another upward turn of the wage-price spiral, the time may not be too distant when the results will bring on another recession. Business can develop immunity to these Fed "pills," just as the doctor's pills lose potency after we depend upon them too long.

When the Next Slump Comes

When the next slump comes, we may well find that changed world financial conditions will have sapped the FRB's recession-fighting power. In previous recessions, our money managers did not have to worry about the gold reserves behind our credit structure. We held gold in excess of any possible foreign claims against it. Today, however, for many reasons—swollen costs and prices here in the U. S., declining exports and rising imports, liberal foreign aid, sizable exports of capital for plants abroad — we have been running a deficit in the balance of payments between our country and other countries. This is a condition we have not faced for many years.

Foreigners have built up heavy dollar balances which—at their discretion—may be converted into gold and taken out of this country. Hence . . . our money managers must weigh any future action in the light of its possible effect on the heavy foreign balances held here. If money is suddenly made easy, lower interest rates will be paid on foreign balances. This, of course, could induce foreigners to withdraw those balances . . . especially if interest rates in some other country should be attractively higher. Thus, the FRB would lose its erstwhile independence of action in combatting business declines.

Loss of Confidence Caused by Steel Settlement

There's an even more important danger to our economy than the possible attractiveness of higher interest rates in other nations. Should a new easy-money policy be adopted at a time when our government is running heavy international deficits, owners of dollars in other nations could lose confidence in the ability of the U. S. to manage its financial affairs, and rush to convert their dollars to gold.

Whatever the cause, heavy gold withdrawals from the U. S. would drain off the gold backing for our banking system . . . a situation which is the normal forerunner of a money panic. For the first time since World War II, therefore, the beginning of the next business recession may find our money managers powerless to take effective anti-slump action!

During my recent trip to Europe I was impressed by the fear which European bankers feel about the control that labor leaders possess in the U. S. and South America. These business leaders believe we are headed for a Labor Government . . . and Socialism. This also undermines confidence in the American dollar. Since the steel corporations "gave in" to political pressure from both the White House and Congress, other nations no longer respect us. When the next depression comes, will the money managers or the labor managers win? Unless we wake up, the fear of Russia, inflation, taxes, and labor may lick us.

The Brass Tacks of the ICC Administrative Problem

Continued from page 11

Those who practice before the ICC are satisfied with the fairness of its procedures. In fact, they themselves have helped to formulate them through the years. Although the ICC disposed in 1958 of more cases on the merits than all the civil cases decided during the same period by all the Federal courts of the United States combined, out of 44 cases appealed to the courts in the fiscal year 1959, the Commission was reversed in only 16%. By comparison, Federal District Courts have been reversed in 23% of the cases appealed to the Circuit Courts.

Until recently, all the attacks of those who would jettison the independent agencies have been from people who had little contact with them. On Sept. 10, 1959, Louis J. Hector, who had a short experience with the CAB, quit with a dramatic valedictory which got considerable publicity. He claims that the problems of the CAB are "born of the very concept of the independent administrative commission." I cannot agree with him that the machinery regulating the *economics* of transportation should be uprooted for some untried substitute. You don't tear down a structure which is essentially sound. If there are defects, you repair; if there are insects, you fumigate.

I conceive it to be the duty of a public officer to explain the strengths and weaknesses of our regulatory processes, not on the basis of pique or personal philosophy but on the basis of facts and logic so that those who must be served can make a necessary evaluation. In my experience of many years, as a transportation student, practitioner and member of the Commission, the only substantial complaint I have met is that of delay.

Delay is due to congestion; many courts also have delay. Delay cannot be cured by further constipating the functions of government by added bureaucracy; or by substituting cumbersome, impractical machinery of three of four separate overlapping agencies for the work now performed by the Commission. Businessmen are realists. They want decisive and prompt action, since plans involving considerable investment often depend upon them. They don't want more red tape, delay and the opportunity for pettifogging. As a matter of fact, the complicated set-up proposed by some could drive a businessman to desperation.

I have tried to give only a general outline of the appropriate separation of functions. It may be that, although annual and other reports of carriers and the supervision of accounts, etc., are administrative, the economic experts and the cost study experts now with such Bureaus should remain within the Commission. It is quite possible. I am not, within the limits of this paper, trying to delineate a detailed plan.

This proposal does not, of course, in any way preclude the improvement of procedures and processes of regulation which the Commission is actively and energetically pursuing. On the contrary, it would encourage and promote such improvement by affording the Commissioners the time necessary to devote to such ends without the diversions and distractions they now face.

New demands on transportation arise constantly in a dynamic economy. No one can deny that the nation's economic and military requirements make its public transportation more and more indispensable. To the extent that the ICC can contribute to giving vigor and dynamism to our transportation system, this is a full-time job. In the face of indicia that our present transportation media must move fast to match the expanding needs of this nation, I wonder if we have any choice in the matter of tuning up its regulatory machinery.

*An address by Mr. Arpaia at the New England Transportation Futurama, sponsored by the Transportation Association of America and the New England Council, Boston, Mass.

S. W. Group of IBA to Meet

KANSAS CITY, Mo.—The Southwestern Group of the Investment Bankers Association of America will hold its annual spring meeting on March 11th (Friday) at the Kansas City Club, Kansas City, Missouri.

Guests will include:

James J. Lee, W. E. Hutton & Co., President of the I. B. A.; Gordon Calvert, Municipal Director and Assistant General Counsel of the I. B. A., and Frank E. Morris, Research Director of the I. B. A.

Guest speaker will be Dr. Raymond Rodgers, Professor of Banking New York University.

THE MARKET . . . AND YOU

BY WALLACE STREETE

Price irregularity persisted in this week's stock markets, leaving wide open the question of whether the low had been reached and when, and if, the spring upturn in stock prices will set in.

* * *

The business news was a bit mixed, a drooping steel production pattern and auto cutbacks posing some serious questions that kept the stock market followers definitely cautious.

Perplexing Steel Outlook

The steel picture, particularly, was one where the gloom seemed a bit excessive. Despite widespread predictions that the pipelines were full again, and steel production was to be cutback, operations continued at a high pace. The practice of steel consumers of keeping their inventories on the light side was weighing on the market, but actually was more encouraging to constructive market sentiment than would be excessive inventories and a sudden shutoff in new orders.

* * *

And new orders were running at what was widely believed to be a rate that would support 85% of capacity operations which is not a level that would interfere with good profit reports for the steel companies. Yet more market commentators than not were listing a trim in steel operations as one of the more damaging aspects being discounted by the market.

* * *

The gloomy aspects of the auto business were also being stressed with the favorable implications ignored. Automen in their annual statements have been optimistic each year. The fact that production of the 1960 models seems headed for 6½ rather than 7 million units would make it a comfortably better year than 1959, but the stress in market circles is being placed on the down-grading of the total rather than the improvement over the previous year.

* * *

Fears that the stock market decline, which ran to a rather imposing 80 points for the industrial average in a short span of half a dozen weeks, would result in curtailed business spending for expansion, seem to have been ill-founded.

Margin Expectations Premature

The one facet that was somewhat real was that hopes of a cut in the margin requirement, currently 90% for securities purchases, were at least premature. There is considerable doubt that easier credit terms would inspire more buying. But the grasping for anything that would help the market had in large degree settled on action by the Federal Reserve Board which sets the margin rate. And its Chairman was a bit blunt in denying any intention of trying to stimulate the market at this time.

* * *

Recommendations of indiviual situations were understandably cautious, concentrating on special situations where either the prospects were more or less guaranteed, or where there had been mitigating circumstances in the 1959 picture to make a bright 1960 showing highly likely.

Enterprising Paper Company

Riegel Paper, for instance, is one of a group that has had little widespread approval with prices of paper products abnormally low, competition keen and profits slim. Riegel, nevertheless, charged into the paperboard field with $15 million invested in a new mill, apparently willing to face up to the competition.

* * *

Actually, Riegel's forte is flexible packaging materials for food where the low-priced, high-competition situation doesn't prevail. In addition, the drop in earnings actually reported last year was a bit misleading since the company had strike troubles that cost it an estimated dollar a share. If this strike cost was added to the actual results, the company's picture would have been one of a 60% gain in profit on a 10% sales improvement to reflect the company's work in striving to improve efficiency. And obviously that leaves it up to this year to show the real progress the company has been making.

Foods Favored

Food shares were favored both because they haven't had much popularity recently, and because they have held for the most in a tight range despite the selling of this year. Kroger, third largest chain, resisted the January selling in good style and started to show some demand in February. The company's fortunes have been on an upgrade that makes it something of a candidate for an improved dividend. Current payout is only a bit more than half of last year's profit.

* * *

Foods are usually in favor when the outlook for the general market is clouded, the reason being that consumer spending starts with food items and holds up even when other spending is curtailed.

Swift in the meat packers has been prominent in cutting its costs, output up while automation was cutting its work force by a fourth in the last several years.

Interest in Brewing Stock

There was also a bit of discussion of the brewing issues which have been well neglected to where Falstaff and Drewrys on the New York Stock Exchange yield 5 to more than 6%. And returns of up to 7½% are available in such as International Breweries on the American Stock Exchange. The logic behind their favor is much the same as that in the foods, consumer spending virtually guaranteed at a high level despite the overall business picture.

* * *

To the followers of the oils who have been long awaiting some sign of an about-face in investment regard for this giant section of the economy, the story was that they still had to lean mostly on patience. The well depressed items in the group continued to sink, a good share of the daily new lows being oil stocks on any general market selling.

Fund Selling of the Oils

The persistent selling by the big investment companies, many of whom had built up their oil investments to a fifth or better of the total portfolio in the years after World War II, seemed to be slowing down but not enough to hearten the would-be oil buyers. Here the selling has been accentuated although oil stocks still are the chief holdings of several of the largest funds. Where the funds were making sharp reductions in their oil positions in the first half of last year, by the final quarter the selling had dried up sharply and the largest of the mutual funds reported no sales at all in the final quarter. But until more concrete signs of an about-turn accumulated, buyers were timid and what selling came along was able to trim prices easily.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

Forms Investment Co.

WATERTOWN, S. Dak.—The investment business of Harvey J. Shaw is now being conducted from offices at 200 East Kemp. The firm maintains a branch office in the F & M Building, Huron, South Dakota, formerly the main office.

Now Street & Co.

Street & Co., Inc. has been formed with offices at 44 Wall Street, New York City, to continue the investment business of Sheffield Securities Inc.

Harding Tulloch Opens

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Peter Harding Tulloch is conducting a securities business from offices at 50 State Street under the firm name of Harding Tulloch & Co.

Special Brokers Course at N. Y. U.

The opening of registration for a special stock brokers course was announced by New York University. Lectures will be given by NYU faculty members and leading figures in financial and government circles. The course was arranged by NYU at the request of the National Stock Exchange in connection with the plans of the Exchange to apply for registration as an authorized stock exchange and subsequently to initiate trading in securities. The new exchange was incorporated last September and is located at 6 Harrison Street in Manhattan.

Creation of the training course was announced jointly by the National Stock Exchange and New York University. Present when plans for the new course were made public were Lawrence H. Taylor, Chairman, and John W. Clagett, President, National Stock Exchange; Aaron Feinsot, Director, Office of Special Services to Business and Industry, New York University, whose office set up the course; and Professor Hobart Carr, Chairman, Banking and Finance Department of NYU's School of Commerce, Accounts and Finance.

The guest lecturers will be Edward C. Gray, Executive Vice President, New York Stock Exchange; James H. Landis, former dean of the Harvard Law School and former Chairman of the Securities and Exchange Commission; Carl Madonic, Assistant Attorney General of the State of New York, in charge of the Securities Bureau; Harry F. Reiss, Jr., resident partner, New York office, Ernst & Ernst, Certified Public Accounts; Oliver J. Troster of Troster Singer & Company, over-the-counter securities dealers; and Paul Windels, Jr., Regional Administrator, Securities and Exchange Commission.

New York University faculty members involved will be Dominic O'Keefe, School of Commerce, who will act as course coordinator; Rolf E. Wubbels, Associate Professor of Finance, School of Commerce; and George Zolotar, lecturer in corporate reorganization, NYU School of Law.

The course will run from March 29 to June 14, with two-hour sessions meeting on Tuesday nights at NYU from 5:30 to 7:30 p.m. Subjects covered will include classes of investments, corporate financing, exchange operation, mechanics of securities trading, State and Federal laws, and the economic function of a national securities exchange.

Romeo F. Petronio

Romeo F. Petronio, Partner in Petronio & Co. New York City, passed away at the age of 57.

Form American Internat'l

EAST AURORA, N. Y.—Carlton V. Phillips is engaging in a securities business from offices at 175 Blake Hill Road under the firm name of American International Investment Associates.

European Integration—1960

By Donald F. Heatherington, Director, European Division National Foreign Trade Council, Inc., New York City*

International trade analyst touches on the current status of EEC and the over-all position of Western Europe, the formation of EFTA (the "outer seven"), and the contradictory role of the United States. He says trade with Europe has entered a complex and uncertain phase, and that an economic revolution of major proportions is going on in Europe of which the integration of markets is only a part. The foreign trade association specialist finds the development of these common markets is "well nigh impossible to visualize" since "it has never been too clear whether integration was oriented toward the restriction or the liberalization of trade with the outer world." The author notes U. S. traders welcome trade liberalization by European countries and adds that it helps keep our commercial policy liberal.

It is an all too inescapable fact that the so-called "common market" in Europe has become — at least in this country and perhaps only to a slightly lesser degree in Europe as well — one of the most over-dramatized and over-publicized developments of our time. The field is now so cluttered with professional "experts," and so strewn with conflicting claims and conjectural opinions as to what will or will not happen that it is difficult to obtain an accurate impression of what actually is going on. This is neither to deny nor discount the long-range importance of the European Economic Community, both as a dynamic concept and as an operating organism, but it is a plea to put the Rome Treaty in its proper place as one more active force in the economic revolution that already for some little time has been underway throughout Europe. It should, I think, be recognized that the Community is a direct consequence of the productive gains and the wide-ranging prosperity within Europe, rather than the reverse. It is extremely doubtful whether the Community as such is even now making more than a small contribution to the renewed upsurge of business activity, although it may very well be providing a certain amount of psychological stimulus. At the moment the really outstanding expansive influence, the major propulsive, lies in Europe's extraordinary economic vitality, of which the integration movement is only one manifestation.

D. F. Heatherington

The prevailing prosperity, moreover, seems by and large not only to be soundly based, but to penetrate fairly deeply. There is every indication that Western Europe as a whole has been moving at an accelerating pace toward a high consumption economy characterized by a greater accent on growth, on investment and on a continuing improvement in the standard of living. This process has been described as the acceptance of high grade materialism which "some like to call Americanization." In any event it would seem that Europe has passed the stage where, as someone has aptly observed, "it lurched from crisis to crisis."

By the end of 1958 this newly acquired strength was coupled with a greatly enhanced confidence in Europe's overall capacity for sustained growth. Together they provided the necessary backing for the decision to make a concerted major move toward re-establishing convertibility vis-a-vis the dollar. During 1959 these same factors, but only after repeated nudges from OEEC, GAAT and the United States, enabled Europe to press forward on a serial basis with the removal of quantitative trade restrictions and other controls. An interesting side effect of the lifting of restrictions has been to narrow substantially the immediate applicability and importance of the quota elimination clauses in the Rome Treaty, while increasing the relative significance of tariffs and tariff changes. Moreover, since the liberalization of trade has more and more been carried out on a multilateral basis, the United States and Canada in their transactions with Europe currently labor under the least amount of discrimination they have experienced in two decades. After these many years of shelter behind quota and exchange restrictions, Europe was perhaps itself surprised to discover that they could be dismantled with so little disturbance.

It might be added here that France and Italy are the only two countries within the Community still maintaining any sizable number of quota barriers against industrial goods. France has lately announced its intention of an early removal of those remaining against dollar imports, and Italy is likely to pursue a parallel policy.

Compelling Motives Behind EEC

As has been said in one way or another many times before, there were two compelling motives behind the creation of the European Economic Community, neither one of which separately and alone would have been sufficient to insure acceptance of the proposal as finally drafted and embodied in the Rome Treaty. These motives were: (1) Achievement of a permanent political stability and cohesiveness in Western Europe by means of economic fusion; and (2) Consolidation of the extensive economic advances already made and the stimulation of continued growth. There is little question but that the Community has derived much of its impetus from the strong Franco-German desire for lasting rapprochement, and it has even been suggested that without the strong will of one man — Chancellor Adenauer — to support it, the Community's course would have been materially different. But with respect to this first motive, it might be interesting to note that nowhere in the Rome Treaty am I able to find specific mention of political union or federation as such. Nevertheless, it is readily apparent that the Community has a political character, is organized on Federal principles and operates both through its own and in cooperation with national political bodies and institutions.

Inasmuch as there has been a noticeable tendency to back away from the concept of the Economic Community as a supranational organization or as the forerunner of a true federation of states, and a decline in the enthusiasm for early political integration, the economic features assume even greater importances. Despite its many escape hatches, ambiguities and protective or restrictive clauses, the Rome Treaty is fundamentally an expansionary document. It is worth recalling again that Article 2 of the Treaty states firmly and forthrightly that: "It shall be the aim of the Community, by establishing a Common Market and progressively approximating the economic policies of Member States, to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increased stability, an accelerated raising of the standard of living and closer relations between its Member States."

These are sizable objectives, but by no means unique to the Six. They are in varying order of priority the aims of all the Western European countries. The essential difference is that in forming the Community, the Six took the position that the procedures hitherto followed in the OEEC were no longer adequate to the tasks ahead and a radically new approach was therefore required. The initial reaction of the dissenting European countries, most notably Britain, was that the existing procedures had proved their worth and should be retained and reinforced. The need for Western Europe as a whole to pursue a policy of internal growth exists independent of the Community, and the drive to meet this need would have been felt even in its absence.

The Economic Community has now been with us as an entity for a little more than two years, having been formally established on Jan. 1, 1958. The question that obviously suggests itself is: What has the Community accomplished during that period of time?

The quick response might at superficial glance appear to be: Very little. But it should be recognized not only that the task of organization alone has been formidable, but also that the Community is a multi-level operation, partaking of the nature of a subway system with far more going on beneath the surface than above. Furthermore, before action can be taken at either the Community or the member-state levels, detailed and carefully balanced programs must be worked out, necessitating both the collection of extensive information, on the basis of which correct policies may be formulated, and approval of the proposals by the member states. In other words, the tasks and the process by which they are to be accomplished are equally complex.

What Has Been Done

Without attempting to recite all that has been done, a few of the activities in which the Community has been engaged might be cited to illustrate the scope of its responsibilities. The most evident fact is that all the institutions of the Community have been set in motion—the Council, the Parliamentary Assembly, the Commission, the Court of Justice, the Investment Bank, the Development Fund and the various special Committees called for in the Treaty. Provision has been made for cooperation and coordination between the three separate regional groups — the Coal and Steel Community, Euratom and the Economic Community. This includes the creation of a Joint Legal Service, a Joint Statistical Office and a Joint Information Service, and collaboration whenever decisions are taken on matters of mutual concern. Conferences have been convened and study committees appointed to survey virtually every field in which the Community has responsibility for developing a common policy or bringing about a common market — agriculture, manpower, taxation, capital, competition, social programs, transport. In those areas where the Community is expected to exercise certain "supervisory" or "police" functions to prevent violations of the Treaty, a number of inquiries have been undertaken and suggestions to the member states concerned. Work on the common external tariff has been underway for some time, with negotiations on List G evidently constituting the main stumbling block to completion of the assignment and the publication of a new list of rates. At one time it was hoped that the common tariff would be ready by the end of 1959, but most observers now put the earliest date at somewhere during the coming Spring or early Summer.

It is not entirely clear or certain how much has been done on the national or member state level by the individual governments to implement or comply with the provisions of the Rome Treaty. There doubtless have been some steps taken, withheld or withdrawn in order to adjust to the Treaty and its consequences, current or anticipated, but so far the presumption is that most of these have been of relatively minor importance. The most prominent actions were those of Jan. 1, 1959 when tariff rates were reduced by 10% on trade between members of the Community, quotas "globalized" and "enlarged" (i.e. liberalized) by 20%, and global quotas of not less than 3% of national output established in the case of products not liberalized; and those of this past January 1st when quotas were again "enlarged" by a further 20% and those previously in the 3% category were raised to 4%.

One of the most striking aspects of the Community's evolution thus far has been the reception accorded it at the business or industrial level. Despite impressive support, the initial reaction in many business circles throughout Western Europe, was a combination of fear, suspicion and even opposition, not in every instance for the same reason. Indeed, in some for exactly converse reasons. Once convinced that the Community was inevitable, European business concerns have moved rapidly to anticipate the adjustments which survival in the new circumstances will dictate, to prepare themselves to meet most effectively the potential opportunities of a mass market, and to gain an advantage over competitors. The response has taken the form of increased mergers, licensing and cross-marketing agreements, acquisition of other companies, greater emphasis on market studies, and intensification of capital investment programs for both modernization and expansion of capacity. It has also been reflected in a redoubled effort to interest foreign firms, especially British and American, in joint ventures and licensing arrangements. Nor is there at present any indication that these efforts are likely to slacken.

Before leaving this particular matter, however, it perhaps should be added that internal resistance to the Community and its possible ramified implications has by no means completely vanished. There are some signs of pressure on the national governments to provide protection against adverse effects from the Community's activities and against the coming wave of competition. Calls for such assistance are apt to grow rather than diminish as the impact is more fully felt or its potentialities more widely comprehended. Thus far the national governments have resisted, or so it would appear, and the consensus is that they will be able to continue to do so.

There have also been reports of a tendency toward cartelization and restrictive business practices. A Special Study Group of the House Foreign Affairs Committee has recently observed that "the air seems to be heavy with agreements, understandings, conversations, and alliances of vast implications." Last week it was indicated from Europe that a "determined attack" was under study by the Council of Ministers in an effort to enforce the intent of the Treaty. This will require, however, the full cooperation of the member states, and in some cases passage of legislation.

Contrasts Inner Six With Outer Seven

One of the major preoccupations of the Economic Community during the past two years has been the state of its relations with the rest of Western Europe and the world. Its great failure, which is actually the failure of all Western Europe, has been the inability to find or devise a basis for a working agreement between the Inner Six and the other members of the OEEC which would avert any tendency to drift apart. Two of these other countries—Greece and Turkey—have applied for membership in the Community and will in all probability be admitted, at least as associates. Nevertheless, despite protracted negotiations and repeated declarations that some solution must be found, the issue remains unsettled.

The most far-reaching consequence of this situation has been the formation of a second grouping — the European Free Trade Association, EFTA—which is still so new that the Convention establishing it has not yet been ratified by all seven founding countries. In comparison with the Community, less need or can be said about EFTA, beyond reference to three or four special characteristics. First, in contrast to the Community, EFTA lacks political overtones, a fact emphasized in its use of the word "association" in its title. Secondly, it is loosely organized without the range of institutions possessed by the Community, although provision is made for its one governing body—the Council—to set up such other organs, committees and bodies "as it considers necessary to assist it in accomplishing its tasks." Thirdly, the area of interest and responsibility is relatively narrow in the case of the Association, being confined almost entirely to trade and to closely related matters. Except for extremely general Articles on restrictive business practices and on the periodic exchange of views concerning economic and financial policies, neither of which is an especially strong Article, and a more specific third Article dealing with the establishment and operation of enterprises by nationals of one member state in the territory of another, the Convention is concerned solely with trade and trade barriers. A fourth feature of the Association is that it does not and will not have a common tariff, although this does not rule out the possibility of approximations in rates by member states. As a result the EFTA Convention is forced to devote much greater attention to origin and content than does the Rome Treaty.

Whatever the intrinsic merits of the European Free Trade Association as it now stands may be, it is nonetheless clearly a response to an uncertain situation. Its underlying purposes are to soften the possible adverse impact of the EEC, especially of the "common market" aspect, and to create a vehicle capable of facilitating an ultimate coming to terms with the Community. There are good arguments on both sides of the question whether formation of the EFTA has improved or lessened the chances for a European solution, but it is difficult to go along with the contention or suggestion that the decision to set up the Association was responsible for the so-called "split," since any division or split that now exists occurred when negotiations for a wide Free Trade Area broke down through an inability to reach agreement.

We unfortunately cannot take the time here to attempt to unravel the tangled web of motives, interests, aspirations and prejudices which brought about this division and which may perpetu-

Continued on page 28

$41,318,000 Issue Of Toronto Debs. Publicly Offered

Public offering of an issue of $41,318,000 The Municipality of Metropolitan Toronto (Province of Ontario, Canada) Debentures was made March 1 by an underwriting syndicate jointly managed by Harriman Ripley & Co., Incorporated and The Dominion Securities Corporation.

The offering consists of $6,864,000 of 5% Instalment Debentures, dated March 1, 1960 and maturing March 1, 1961 through 1980, priced to yield from 4.75% to 5.15%, according to maturity; and $34,454,000 of 5% and 5⅛% Sinking Fund Debentures, of which $144,000 are due March 1, 1965 and yield 5%; $2,092,000 are due March 1, 1970 and yield 5.10%; $348,000 are due March 1, 1975 and yield 5.15%; $31,526,000 are due March 1, 1980 and yield 5.16% and $344,000 are due March 1, 1990, and yield 5.15%.

Principal of and interest on the debentures will be payable in United States currency.

Net proceeds from the sale of the debentures will be used by the Municipality of Metropolitan Toronto for various purposes, including the financing of school construction, roads and sewers, local improvements, waterworks, parks and recreation facilities, hydro-electric systems, housing and park authorities.

The sinking fund debentures will be callable on and after March 1, 1975, at the option of the Municipality of Metropolitan Toronto, at initial redemption prices of 102% for 1980 maturities and 103% for the 1990 maturities and at declining prices thereafter, plus accrued interest in each case. The instalment debentures are non-callable.

The Municipality of Metropolitan Toronto was incorporated under Ontario statutes enacted in 1953 which provided for the federation of 13 municipalities in the Toronto Metropolitan area for certain financial and other purposes. The City of Toronto is the focal point of the area which covers approximately 240 square miles and has a population of about 1,487,000. At Dec. 31, 1959, the estimated total net debt of Metropolitan Corporation aggregated $90,728,331.

Hardy & Co. Heads Glastron Offering

Hardy & Co. and Underwood, Neuhaus & Co., Inc. offered on March 2, 6,000 units consisting in the aggregate of $600,000 principal amount of 6% sinking fund debentures, due Feb. 15, 1966 and 60,000 shares of common stock of Glastron Boat Co. Each unit, consisting of $100 principal amount of debentures and 10 shares of common stock, is offered at $100, plus accrued interest on the debentures from Feb. 15, 1960. The debentures and common stock will not be separately transferable until May 1, 1960 or such earlier date.

Net proceeds from the financing may be used by the company to the extent of $200,000 for the construction of additional plant facilities in Austin, Texas. Any funds not so used and the remainder of the proceeds will be added to working capital, except the approximate amount of $15,000 will be used to retire an outstanding note.

The debentures are to be redeemable at optional redemption prices ranging from 106% to 101%, and for the sinking fund at a redemption price of par, plus accrued interest in each case.

The company is engaged in manufacturing and selling fiberglass pleasure boats under the trade name "Glastron." The company operates plants in Austin, Texas and Madison, Indiana. Its boats are sold exclusively through some 21 regional distributors who, in turn, supply about 1,000 dealers covering 49 states, Canada and parts of Central and South America.

The company sold 5,900 boats in the first 11 months of 1959, for gross sales of $2,531,758. Upon completion of the current financing, outstanding capitalization of the company will consist of $822,527 of sundry debt and 350,000 shares of common stock.

Binder Opens Branch

ENCINO, Calif. — Binder & Co., Inc. has opened a branch office at 16033 Ventura Boulevard under the direction of Sidney Mandy.

Wagenseller, Durst NYSE Members

LOS ANGELES, Calif.—William S. Hughes, president of Wagenseller & Durst, Inc. 626 South Spring Street, has announced the election of the firm to membership in the New York Stock Exchange. The firm, which has served Southern California investors for 33 years, also holds membership in the Pacific Coast Stock Exchange and an Associate membership in the American Stock Exchange.

As investment bankers and broker-dealers, Wagenseller & Durst, Inc. provides, through its offices in Los Angeles, Orange, San Bernardino and San Diego Counties, general investment services to individuals and fiduciaries as well as being active in the field of corporate and municipal financing.

Seminole Securities Branch in N. Y. City

Seminole Securities Co. has opened a branch office at 149 Broadway, New York City, under the management of John H. Ott. Guy T. DeSimone is in charge of the New York trading department, and Lawrence Newman of the statistical department. Daniel Ohl is cashier.

Mr. Ott was formerly president of Security Adjustment Corporation of Brooklyn, with which Mr. DeSimone, Mr. Newman and Mr. Ohl were also associated.

With Sanford Co.

SAN FRANCISCO, Calif.—James C. Stone has joined the San Francisco investment firm of Sanford & Company, 235 Montgomery Street, as a registered representative.

Mr. Stone was formerly associated with the investment securities firm of Stone & Youngberg, and is the son of the senior partner Daniel Stone.

Sanford & Company do a general investment business and are specialists in life insurance stocks.

Form Martin Associates

Robert A. Martin Associates, Inc. has been formed with offices at 666 Fifth Avenue, New York City, to engage in a securities business.

In Defense of Contractual Mutual Fund Plans

By Norman F. Dacey, Norman F. Dacey & Associates
Bridgeport, Conn.

Connecticut financial consultant presents the case for contractual investment plans. The author excludes the argument about the disciplinary advantages of such plans in cogently outlining eight pro arguments wherein he contrasts them with voluntary fund plans. They deal with profit figures, sales charges, life insurance cost, tax advantage, avoidance of probate, bid price reinvestment, convenience, and government's part in absorbing part of insurance premium.

I investment periodically in mutual fund shares through the medium of a contractual investment plan. Because this type of investment program seems to have become controversial, I am setting down some of the reasons why I regard it as an excellent method of building estate.

Norman F. Dacey

I shall leave to others the well-worn argument about the "discipline" of such plans, (without any inferences that this is not a valid argument) and try to list here a few practical reasons which have led me to buy the plan.

More Profit and Less Sales Charges

(1) *I make more money in a contractual plan.* One of the largest and oldest common stock funds with an excellent long-term record, shows in its "fact book" that $100 per month invested in its shares over the 20-year period 1939-1958 is today worth $127,296. The prospectus of one of the contractual plans which uses these same shares as a medium of investment, shows that a $100 per month investment over identically the same period is today worth $130,247.

The same fund "fact book" shows that a $1,000 lump sum investment in its shares 20 years ago, is today worth $10,458. The prospectus for the contractual plan discloses that a $1,000 "fully-paid account in the same fund is today worth $11.123."

From the above "official" figures, it will be seen that whether it was a monthly or a lump-sum investment, the contractual plan produced more profit.

(2) *I pay less sales charge in the contractual plan.* If I invest $100 monthly in this fund's voluntary plan, I pay 8¾% sales charge. That's $1,050 in 10 years. The sales charge for putting the same $100 per month into a contractual plan, invested in the very same shares, is $909 in the 10 years. The sales charge on the voluntary plan is 15.5% higher.

If I invest $250 per month in the voluntary plan, I'll pay $2,675 in sales charges in the next 10 years. I can put the same $250 per month into the contractual plan for $1,724. That's almost a thousand dollar saving. I'm going to be in the plan for those 10 years —and I'm going to save that thousand dollars!

(3) *I want all the cheap life insurance protection that I can get.* Very few of us have all the insurance we need. I can buy this same fund's voluntary plan—but not with insurance. When I buy the contractual plan, I get $30,000 of life insurance at a rate approximately one-quarter that of the cheapest policy I can buy on my own. As a matter of fact, I have carefully figured out my saving on the life insurance alone, and it is more than twice the entire sales charge on the contractual plan!

(4) *I like the tax advantage of the contractual plan.* The same mutual fund which I have used in the above illustration, in 1959 the most recent tax year, paid out dividends and distributions which were exactly one-half ordinary income and one-half capital gains. The very same investment in the very same fund through the medium of a contractual plan produced an identical total distribution. However, for tax purposes, none of this was reportable as ordinary income in my uncomfortable tax brackets. Of the total distribution, 28.7% was reportable as capital gain—and the other 71.3% was tax free. I know full well that this tax benefit will reduce over the years, but a companion plan offered by the same sponsor for the past 18 years still enjoys a worthwhile tax exemption — and an investor would be crazy not to take advantage of it.

For those who are interested in knowing the reason for the tax exemption, let me explain that it stems from the fact that taxwise, contractual plans generally elect to be taxed as an association. In effect, the acquisition charges and continuing maintenance fees paid by the participants are considered to be part of the cost of building the "association" and a substantial portion of these charges is deductible from the income of the "association," thus making part of that income tax-free. Such tax-exempt distributions have the effect of reducing the cost basis in determining gain or loss on any future sale of the underlying shares. Thus, distributions which might otherwise have been taxed as ordinary income, are taxed instead (if and when the underlying shares are sold at a profit) in more favorable long-term capital gains brackets, and if such underlying shares are not sold during the investors' lifetime such distributions will have escaped taxation entirely.

(5) *I want to avoid probate.* In many jurisdictions, lawyer, executor, appraiser, and probate court fees, have been known to consume up to 10% of an estate. The probate process frequently takes two to five years, and if you are at all known in the community, the local papers tell all your business. This unwelcome publicity attracts the attention of unscrupulous people who seek to separate the heirs from the money. Probate is to be avoided whenever possible — and contractual investment plans provide a simple method of accomplishing that end. Most of them offer the planholder the privilege of designating one or more beneficiaries through the use of a simple form of inter vivos trust instrument which places the plan's assets outside the jurisdiction of the probate court. This is an extremely valuable advantage which is not generally appreciated. I figure that on the probating alone, the contractual plan may save me as much as the entire sales charge involved in its purchase.

You don't make your life insurance payable to your estate. You name a beneficiary. Why not do the same thing with your mutual fund investments? (A method has been developed to make **all** mutual fund share sales exempt from probate, but few mutual fund dealers know about it, and have the necessary instruments to accomplish it.)

(6) *I want my dividends reinvested at net asset value.* The same mutual fund whose results I have discussed above, makes it a practice to reinvest ordinary income dividends at the offering prices. When I buy its shares in the contractual plan, my dividends and distributions are all reinvested at the bid price. This represents a tremendous saving over the years. In the case of a lump-sum investment, I figure that over a 20-year period I'll have an amount equal to the acquisition fee.

(7) *I like the convenience of the contractual plan.* If I own shares of this same fund, I can always liquidate some to get $5,000 I might suddenly need. But when the need passed and I wanted to put the money back to work, I'd have to pay the 8¾% sales charge all over again. With my contractual plan, I can take the money out and put it back whenever I want, with never a sales charge—just a nominal fee of $2.25 each way. As far as its flexibility, liquidity, and convenience are concerned, it's like having the money in a checking or savings account.

(8) *I like to let Uncle Sam pay part of my life insurance premiums.* Life insurance premiums are not a legally deductible expense for tax purposes. However, in the case of the contractual investment plan, the insurance premiums are not considered as such, but instead are regarded as part of the gross investment in the plan. To illustrate with a purely hypothetical plan into which payments of $200 monthly have been made, the investor has enjoyed life insurance protection on his unpaid balance, ranging from $23,800 the first month, down to $200 the last month. Over the 10-year period, a total of $857.40 has been deducted for insurance protection. Let us assume that the hypothetical plan is liquidated now for, say, $38,000. Part of this increase represents the reinvestment of dividends on which the investor had paid a tax each year during the accumulation period. He is now liable for a tax on the difference between the $24,000 he deposited and the $38,000 he is now withdrawing from the plan, less whatever dividends he had reported and paid a tax on over the years.

Actually, he invested only $23,142.60 in the underlying mutual fund shares; the other $857.40 constituted insurance premiums which he paid. But he doesn't pay a tax on the difference between his net investment of $23,142.60 (adjusted for dividends) and the $38,000 liquidating value. Thus, because of the peculiar nature of the contractual investment plan, with its separate registration as a security in and of itself, separate and apart from the underlying mutual fund shares, the investor is enabled to deduct the insurance premiums from his long-term capital gain on the plan.

Curiously, this tax advantage does not apply to so-called voluntary plans in which the "security" being purchased is not the "plan" itself but the underlying mutual fund shares. In computing his long-term capital gains tax liability under a voluntary plan with a life insurance provision, the investor must pay on the difference between the net amount actually invested in the mutual fund shares and the liquidating value. He cannot deduct the cost of the insurance in computing his taxable gains.

These are just a few of the practical reasons why the smart investor will wave aside the petty arguments about "front-end load," and choose the contractual plan. Collectively, they are the reason why 10 years from now all plans will be contractual plans.

MUTUAL FUNDS

BY ROBERT E. RICH

A Billion-Dollar Prop?

Wall Street's bulls — they're numerous and vociferous once more —put forward a variety of reasons for their constructive attitude toward the stock market. First-quarter earnings are about to be discounted, says one. A spring rally will come early this year, says a second bull. In a Presidential-election year stocks traditionally reach their tops in the summer, says a third. Money rates will be eased, predicts another. Margins will be cut, forecasts yet another.

We could go on with this sort of thing endlessly, but the foregoing must be familiar enough to suggest that there is no dearth of reasons why the market should swing upward again in no great time. But the one recurring theme that must strike the Wall Street pollster—even more than the confidence engendered by the ability of the railroad index in mid-February to conduct a classic holding operation—is the confidence (or the hope) that the mutual funds will step in to prop up the market. Many of these same Wall Street analysts either were bearish or taking a wait-and-see attitude at the start of the year, when there was widespread talk that the mutual funds had been sellers of stock on balance.

While it may be too much to say that the fast-growing mutual-fund tail has begun to wag the stock-market dog, some recently published statistics on the funds have buoyed Financial District sentiment. These figures revealed that sales of mutual fund shares by the 155 open-end members of the National Association of Investment Companies totaled nearly $222 million in January. That represented a gain of 15% from December. While it is true that the period was marked by a 20.3% rise in redemptions to $78,561,000, net sales were ahead by 12.4% to $143,249,000.

The funds came into February with total net assets of $15.1 billion, a decline of 4.6% from the month-earlier total, reflecting the slump in the prices of stocks.

But if the funds, by their very nature, could not escape unscathed from the ravages of a bear wind, they could—and did—emerge in a strong cash position. At the start of last month (latest figures available) it was found that their holdings of cash and governments had risen by 1.1% to $869,216,000. This cash position of nearly a billion dollars was the largest since Oct. 31, 1959. And that was a time when cash was needed by the funds for capital gains distributions to their shareholders. Probably, a better comparison would be with the 1959 average, which was $768.1 million. Thus the latest figure is up 12.2% from last year's level.

Little wonder, then, that Wall Street optimism is being bolstered these days by the funds. The reasoning simply is that fund managers are in a strong cash position and will move in to take advantage of lower prices. And little wonder also that many a Financial District leader, who once pretended that mutual funds did not exist or were only a negligible factor, seeks these days to soothe a restive customer by pointing to the tail as a prop. After all, it's not easy to ignore the steadily increasing number of shareholder accounts. These toted up to a highly respectable 1,100,000 at the start of 1950. A decade later they numbered 4,276,000. Last year alone the total grew by some 600,000—or more than half as many as were in existence 10 years ago.

The Funds Report

Television - Electronics Fund, Inc. reports net assets at Jan. 31 (close of fiscal quarter) were the highest for any fiscal quarter in its history. Net assets were put at $314,067,611, compared with $244,105,822 a year earlier. Net asset value per share rose by 11½% in the period after adjusting both for a stock split and the adding back of a capital gains distribution of 62½ cents made last November. Share value on Jan. 31 was $7.14, against $7.04. The company reported little change in portfolio makeup since the close of the fiscal year on Oct. 31, 1959, with 91.7% of assets in common shares and convertible securities of companies in the electronics, nucleonics and kindred industries.

* * *

Herbert R. Anderson, President of the **National Association of Investment Companies**, commenting on the new proxy rules of the Securities and Exchange Commission, said: "The NAIC, in the interest of its members and their shareholders, has always favored a policy of full disclosure of all relevant and material information with respect to the operation of investment companies. The new proxy rules relating to investment companies released today by the SEC are in accord with that policy. Before issuing the new rules the SEC gave careful consideration to the comments and opinions of our members and held several conferences with the SEC Rules Committee of this Association. Although some member companies may not agree with all details of the new rules, the Association believes that they will prove generally workable. As in the past, I know that all the members of this Association stand ready, through their appointed committees, to continue to assist the SEC in furthering good business practices and the protection of investors within the framework of our free enterprise system."

* * *

Loomis-Sayles Mutual Fund, noting that its largest single

stockholding is American Telephone & Telegraph (4% of overall investment), offers this comment: "Last fall the stock was forgotten and neglected in the face of the exciting style of exotic growth stocks which were being bid up sharply in the market. Today American Telephone is coming back into style and probably will be much more in investment fashion during the years ahead than it was a few months ago."

* * *

Puritan Fund reports total net assets, number of shareholders, and number of shares outstanding reached new highs in quarter ended Jan. 31. Total net assets increased from $71,181,437 on Oct. 31, 1959, to $72,796,182 on Jan. 31, compared with $62,085,500 on Jan. 31, 1959. Number of shareholders rose from 21,000 on Oct. 31, 1959, to 21,500 on Jan. 31, 1960; shares outstanding during the period rose from 8,945,485 to 9,211,450. New securities added during the quarter were: U. S. Treasury 4⅞% Notes; Billups Western Petroleum Corp. 6% Debentures; Hilton Hotels Corp. 6% Debentures; Seaboard Finance Corp. 6¾% Notes; Jim Walter Corp. 9% Debentures. Also added were common stock of Free State Geduld Mines; Sunray Mid-Continent Oil; U. S. Plywood; 6% preferred stock of H. P. Hood & Sons.

Securities eliminated were: N.Y. Central 6% Collateral Trust Bonds; common stock of American Viscose; Curtiss-Wright; Deere & Co.; Denver & Rio Grande Western RR.; Glidden Co.; W. F. Hall Printing Co.; National Sugar Refining Co.; Republic Steel; Southern Pacific Co.

* * *

Managed Funds, Inc., endorsed the program of the Channing Corp. of San Francisco and New York for providing a complete and experienced investment management and nationwide underwriting and distribution service for the $62.4 million group of funds held by approximately 21,000 shareholders. The first Management-Channing proxy solicitation asked shareholders to vote for a nine-man board of directors consisting of four principal executives of Channing and its affiliates and five additional members, including two shareholders of Managed Funds. The proxies will be voted at an adjourned annual meeting of stockholders on March 11, in the fund's offices in St. Louis.

* * *

National Securities & Research Corp. announced the formation of the Growth Stocks Division, which will be devoted exclusively to the investigation and study of corporations which have prospects for long-term growth. The research disclosed by this new division will be used primarily for evaluating investments for the securities portfolio of the National Growth Stocks Series. Heading the division will be Alling Woodruff, fund manager of National Growth Stocks Series and a member of the corporation's investment committee. Mr. Woodruff has been with National since 1955. Previously he was associated with Standard & Poor's and other financial organizations.

* * *

Bullock Fund, Ltd. net assets at Jan. 31 were $53,664,800, equal to $12.73 per share of stock outstanding, Hugh Bullock, President, told shareholders. This compares with assets of $48,306,444 on Jan. 31, 1959. Bullock Fund emphasizes investment primarily in common stocks of companies which appear to have good long-term growth characteristics. At Jan. 31, 1960, the fund owned stock in 100 companies representing 22 different industries.

* * *

Canadian Fund, Inc. Net assets at Jan. 31 were $42,099,100, consisting of stocks of 54 Canadian corporations, plus Canadian Government and corporate bonds and cash, Hugh Bullock, President, told shareholders. Assets on Jan. 31, 1959 were $47,619,095.

The largest amounts of total assets invested in stocks, "continue to represent industries in which there appear to be favorable prospects for future growth." The largest holdings of the fund, which is the U. S.-domiciled Canadian fund in the Calvin Bullock group, are in petroleum and natural gas stocks (14.65%) and in paper and paper products (14.37%). These groups, together with holdings in non-ferrous metals and mining stocks, constitute an investment of almost 40% of the company's assets in the natural resources of Canada.

* * *

Shareholders of **Managed Funds,** $62 million St. Louis mutual fund, are receiving a proxy from the Committee of Managed Funds Inc. Shareholders and Townsend Management Co., it was stated in a letter signed by David B. Noland, Chairman of the Committee, and Clinton Davidson, Chairman of Townsend Management.

The letter stated the Committee will nominate nine candidates for election as directors at the adjourned annual meeting, scheduled for March 11, 1960. In addition to Mr. Davidson and Mr. Noland, they include: Hans van Nes Allen, independent oil operator; Robert J. Flanagan, member of the law firm of Best, Flanagan, Lewis, Simonet and Bellows of Minneapolis; Raymond E. Hartz, chairman of the executive committee and executive Vice-President of Townsend U. S. & International Growth Fund, Inc.; James A. Lovell, retired, formerly associated with E. I. DuPont de Nemours & Co.; Stanley M. Rowe, chairman of Shepard Elevator Company; Charles T. Shew, district manager for Simon Brothers; Earl Short, general sales manager and a director of Neuhauser Hatcheries, Inc.

The Committee previously announced that it intends to keep Managed Funds from being liquidated or merged into another mutual fund. Opposing the Committee's slate will be nominees proposed by the Channing Corp.

Serving with Mr. Noland and Mr. Shew on the Committee are: Jon D. Carsey, Robert C. Davidson, Mrs. Emma A. Hannis, James C. Lauderdale and Leon C. Osborne. All Committee members hold Managed Funds shares; with their immediate families, they own more than 141,000 shares.

The Funds' annual meeting was initially called for Jan. 26, and then adjourned to Feb. 10. Since a quorum was not present on either of those occasions, there was a second adjournment to March 11. The March meeting will convene at the Funds' offices, 408 Olive Street, St. Louis, but is expected to be recessed to a hotel ballroom because of the large attendance anticipated.

Hines Officer Chace, Whiteside

BOSTON, Mass. — Edward F. Hines has been elected an assistant vice president of Chace, Whiteside & Winslow, Inc., 24 Federal Street, members of the New York and Boston Stock Exchanges.

Leading Financial Questions Discussed in Washington

Continued from page 1

tion that the interest rates prevailing during the past months have been brought about primarily by Administration actions or that the Treasury can control the price of money. Indeed, the Treasury holds that the 4¼% ceiling has the result of raising short- and medium-term interest rates higher than they would otherwise be, because the ceiling forces the Treasury to compete with other users of short- and medium-term money.

When the Treasury request for removal of the ceiling came before the Ways and Means Committee last year, it ran up against the Metcalf-Reuss amendment. This stated that it was the sense of Congress that the Federal Reserve System in its open market operations should, whenever seeking to expand the supply of money, buy Treasury bonds as well as bills, rather than reduce member-bank reserve requirements. Purchases, it was argued, would raise the price of bonds and thus reduce the yield thereon, thereby tending to bring down long-term interest rates. Both the Treasury and the Fed testified in opposition to the amendment. The whole question went over into the current session of the Congress. At this writing there is now pending a compromise ceiling-lifting formula approved by the Way and Means Committee on Feb. 23. When this matter reaches the Senate Finance Committee the Treasury is likely to encounter a stormy reception.

Other Democratic proposals relate to the methods by which the Treasury determines what coupon to place on new issues, how it should market its issues, whether it should be required to make all bond offerings callable, and whether it should not do its long-term borrowing during times of recession, when other borrowers are few. The first-mentioned matter relates to the consultation by the Treasury with committees of the IBA, ABA and other financial groups before deciding upon the terms and conditions of a new financing or refunding operation. The theory of the critics, who often suspect something improper about such consultations, is that use of the auction technique would assure the Treasury that it would be obtaining the lowest rate necessary in order to sell its securities and eliminate the risk of guessing too high.

Joint Economic Committee Majority's Recommendations

In the 1960 **Joint Economic Report**, released on Feb. 29, the Democratic members recommended as "needed reforms" that:

"The Federal Reserve should—

(a) abandon its discredited 'bills only' policy,

(b) agree to build up its portfolio of long-term bonds, and

(c) use open market operations rather than lowering reserve requirements as the means of bringing about the secular expansion of credit which the Federal Reserve and the banks desire.

"The Treasury should—

(a) avoid seeking advice on new issues from organized groups of their customers who are interested parties,

(b) institute a system of callable bonds so that the public is not saddled interminably with high interest rates,

(c) extend the auction method to other than short-term bills, and

(d) agree to sell long-term bonds in the main when interest rates are low.

"In addition, the Federal Reserve should immediately take steps necessary to regulate the presently unregulated New York bond market and to apply margins to its customers."

Consultation with IBA and ABA

The primary purpose of the advisory committees consulted by the Treasury on financing is not to recommend the interest rates that should be placed on particular issues to be offered. It lies rather in their discussion and advice on types of securities and marketing techniques. The advisory committees provide only one of many sources of information which the Treasury actively explores as it approaches a final decision. The latter rests squarely on the Treasury's own analysis and evaluation of the relevant factors.

For a considerable period before each financing the Treasury studies the market environment intensively from various points of view. The basic analysis is close to completion before the advisory groups arrive. A difference in viewpoint of more than ⅛th of 1% in interest rate on a new issue would surprise competent market observers.

The consultation of advisory groups was started by the Treasury during World War II and, with the exception of the savings and loan advisory group first consulted in 1958, all others have been consulted intermittently since Secretary Morgenthau's time. In addition to the IBA and ABA, these include representatives of the life insurance industry and the mutual savings banks. The chief function of the committees is to help the Treasury interpret the potential demand for new securities as among various types of investor classes and as among different maturities of bills, certificates, notes and bonds. Thus, an appraisal of market demand by the advisory groups can aid the Treasury materially in determining the advisability of offering a long-term or an intermediate-term bond under rapidly changing market circumstances. According to Secretary Anderson:

"It is the best way we know of conducting a quick, yet comprehensive, survey of market demand in various maturity ranges close to the time of financing. The various dealers and banks represented on the ABA and IBA advisory committees are in daily contact with upwards of 5,000 investors in every part of the country, and they handle transactions in Government securities that total more than a billion dollars per day. They know what securities their customers are interested in buying and what they want to sell. They are also in a position to express judgment as to whether that demand can be effectively capitalized on by the Treasury in the sense that it is matched by a substantial flow of funds which would be available for a possible Treasury issue."

Apparently having in mind Democratic charges that the Treasury makes high interest rates by the coupon it offers, Anderson chidingly informed the Joint Economic Committee: "It is well understood by all but the most unsophisticated investors that the rate of interest which the Treasury will have to pay on the specific issue it decides upon can vary only within very narrow limits, depending on the market quotations of the day that the Treasury makes its announcement."

While the advisory committees typically recommend an interest rate appropriate at the time they meet, sometimes they recommend simply "a rate that is consistent with the market at time of offering."

The IBA committee's recommendations are given orally. Those of the ABA are presented in written summary of what may be called a majority report. The meetings with Treasury officials are informal. Typically, strong minority opinions are offered with respect to interest rates, maturity dates and other details. Minority views are encouraged.

Meetings with mutual savings bank, savings and loan and life insurance committees usually are different in scope from those with the IBA and ABA. Their financing recommendations are usually rather general, focusing largely on various maturity areas of most interest to their industries and discussion of the current demand for "governments" as related to the economic environment. The IBA committee represents a large part of the continuous activity of the Government security market itself. In some ways—the Treasury points out—the firms which the IBA committee represents are in even closer contact with the investment problems of a much larger group of institutions in life insurance, mutual savings banking and the savings and loan industry than are the members of the advisory committees of those industries. The IBA group, moreover, represents the most practical and efficient way of ascertaining the current investment practices and needs of a vast body of investor classes throughout the country which are not as formally organized as those mentioned above. Among them are State and local governments with reference to their pension and retirement funds, and temporary investment of peak tax collections. Also included are self-administered corporate pension funds, endowment funds, reinvestmen of the proceeds of bond issues prior to disbursal of the funds, and temporary investment of peak tax collections. Also included are self-administered corporate pension funds, endowment funds, foundations, mutual funds and other investor groups.

Because of correspondent bank relationships, the ABA group gives the Treasury an up-to-date "feel" of bank investment practices under changing credit conditions. The ABA committee reflects the attitudes of thousands of banks toward contemplated Treasury offerings. It is concerned with both primary and secondary demand for governments by banks. While the banks represented on the ABA committee buy governments for their own investment account, either to replace existing issues or to employ idle resources, most of the Treasuries they buy are acquired in their capacity as "underwriters," for resale to ultimate investors.

What the Treasury Should Know

The Treasury finds helpful the IBA and ABA committees' advice on numerous questions important to successful debt management, among them:

Down payment requirements which would be suitable on a given type of issue to discourage speculators.

Market practices, such as dealer price quotations on a cash issue before the subscription books are closed, which may affect the success of an issue.

How allotments on cash issues should be handled among various types of investors.

How the interest of small buyers can best be encouraged.

What minimum allotment should be made in full.

Market reaction under particular circumstances to allotments exceeding the announced amount.

Whether under certain circumstances it should be attempted to limit the size of one option on refunding issues as against the other.

Whether new refunding issues should be dated ahead of the maturity of the old issue to give investors more incentive to make the exchange.

Whether down payment privileges can be modfied for particular types of subscribers, such as governmental units.

How many days should elapse between announcement of a new issue and opening of the subscription books to assure maximum coverage of potential buyers.

How long the books should remain open.

From time to time the Treasury asks the advisory committees to consider broader aspects of Treasury debt-management planning in the light of the outlook for the economy and for savings. The committees help the Treasury keep abreast of corporation, State and local government problems connected with the offering and secondary distribution of new issues. They throw light on the relationship of the foregoing to the mortgage situation and to the general current attitude toward stocks and bonds. They give advice on the savings bond program.

The Treasury in its financings also draws on the experience of the Federal Reserve System,—both the Board and the 12 banks, and especially the New York Fed, which watches the Government securities market hourly. From the other Federal Reserve banks the Treasury draws interpretation of regional differences in the market for governments and experience which those banks have gained as fiscal agents for the Treasury in actual management of financing operations.

While on occasions the Treasury has fixed for an issue a rate different from that recommended by advisory groups, it has never differed from those recommendations by more than one-eighth of 1%. The records since 1952 show that on the average new Treasury coupon issues have been priced to yield about one-eighth of 1% above the outstanding market. This has been true regardless of the length of the issues, whether 1-year, 10-year or longer-term. Since 1952 the average spread between new issues of high-grade corporate securities and outstanding issues has been about three tenths of 1%. Consistent with the desideratum that Treasury securities be sold successfully, the Treasury considers its pricing record since 1952 as "excellent." In fact, on many occasions the Treasury has been charged with pricing too close to the market.

Summing up, the Treasury answer to the critics of the advisory-committee system, the Secretary states: "We firmly believe that in most cases the public interest is much better served by our having had the benefit of the committees' points of view."

The Auction Technique

Congressman Patman and others ask: "Why doesn't the Treasury sell all of its marketable securities by the auction method? Isn't the auction method the best method for finding out what the lowest rate is the Treasury has to offer in order to sell a given quantity of seurities . . . to do away with guessing what the market is and avoid the risk of guessing too high? Has the Treasury determined whether it gets a wider distribution of its securities among initial purchasers by the fixed-price method than it would get by the auction method?" On these questions the Treasury has much to say.

The Treasury has been selling bills by auction since 1929, and finds the technique quite efficient for short-term securities. In recent years the technique has been extended. Since 1951 tax anticipation bills have been sold through auction. In December 1958 the technique was extended to 6-month bills. In March 1959 the Treasury expanded the auction technique to 1-year bills maturing at quarterly intervals. The Treasury obviously has concluded that there is much merit in the auction method. But it does not follow that it thinks the technique can wisely be extended to all Treasury issues.

The auctioned issues are bought almost entirely in large amounts by professional investors who participate daily in the money market. Bills ordinarily are not bought directly from the Treasury by thousands of small banks, corporations, institutional investors and individuals, since these usually have not enough background information to submit knowledgeable bids. In extending the auction technique to other Treasury issues, the Treasury would risk impairing the opportunities for small and medium-size investors to buy new securities directly from the Treasury. The Treasury might be regarded as having no interest in seeing that small and medium-size investors have the same opportunities as professionals in buying on equal terms. Small investors would be discouraged and the Treasury would be charged with favoring the banks by, in effect, telling small investors to buy new issues through their banks or dealers. The Treasury believes that no such criticism can be made in connection with the sale of Treasury bills by auction.

Moreover, on fixed price issues the Treasury can more easily control the amount issued to any single investor or investor class than it could by auction. For instance, total subscriptions by commercial banks on medium and longer term bonds typically are limited to a certain percentage of capital and surplus and occasionally subscription limits are placed on other types of investors. Also, substantial down payments often are required. Allotments in full are made to small investors. Allotments to different groups may vary considerably, savings-type investors being given preference. The allotment procedure would be extremely hard to use in connection with the auction technique.

In handling short-term and long-term securities by auction the competitive aspects would be quite different. Professional underwriters who buy bills for secondary distribution compete not only among themselves but also with a large number of professional buyers purchasing for their own needs. The latter may not be so well acquainted with the auction technique. Applied to longer term issues, the auction technique would undoubtedly generate bids almost exclusively from the professional underwriters, dealers and banks, who would then do the secondary distribution. The competition would be among professionals alone.

Since most new Treasury issues represent refunding, competitive bidding on all new securities would mean, presumably, that the Treasury would pay off all maturing issues in cash and issue new securities. If each holder of the maturing issue had to enter a competitive bid for the new securities, he would risk being left out and having to buy the securities back from some successful bidder. The Treasury believes, moreover, that competitive bidding for all new issues would tend to cause a net increase in the cost of interest on the public debt, arguing that knowledgable buyers would submit low bids just on the chance of getting an issue, especially in times of rising interest rates, while reluctant buyers would also be offering low bids. A low yield on successful bids, furthermore, could upset the market.

If successful low bidders dump

Continued on page 23

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

ANNUAL MID-WINTER DINNER

At Bellevue Stratford Hotel FEBRUARY 19, 1960

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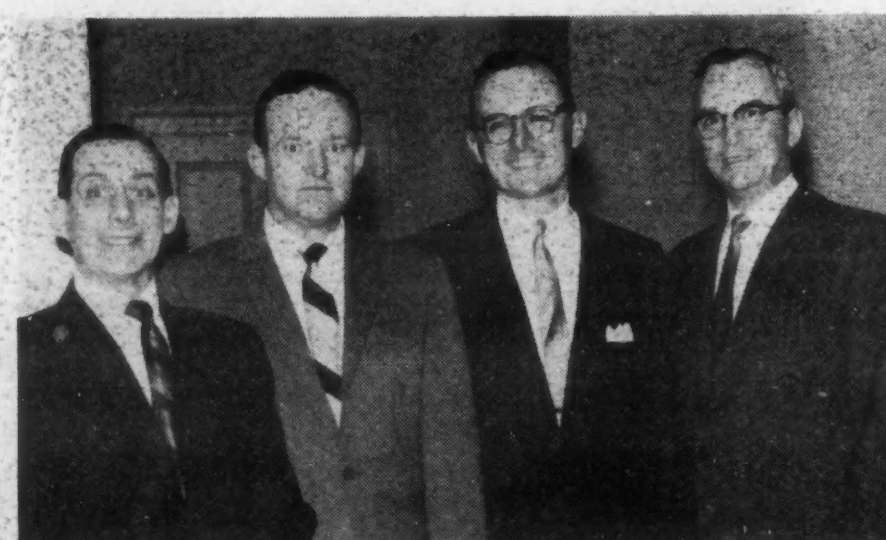

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Bob Topol, *Greene and Company* (New York); Albert J. Caplan, *A. J. Caplan & Co.;* Jack Fant, *Penington, Colket & Co.;* "Duke" Hunter, *Wellington Hunter Associates* (Jersey City, N. J.); Vincent Lytle, *Shields & Company* (New York)

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Jim Flanigan, *Warner, Jennings, Mandel & Long;* Barney Nieman, *Carl Marks & Co., Inc.* (New York); Wallace Runyan, *Hemphill, Noyes & Co.;* Leon Dorfman, *Goldman, Sachs & Co.* (New York); Jack Klingler, *Goldman, Sachs & Co.*

Eddie Opper, *J. B. Maguire & Co., Inc.* (Boston); Edgar Christian, *Suplee, Yeatman, Mosley Co., Incorporated;* John Daley, *J. B. Maguire & Co. Inc.* (Boston); George Angelos, *Chas. W. Scranton & Co.* (New Haven)

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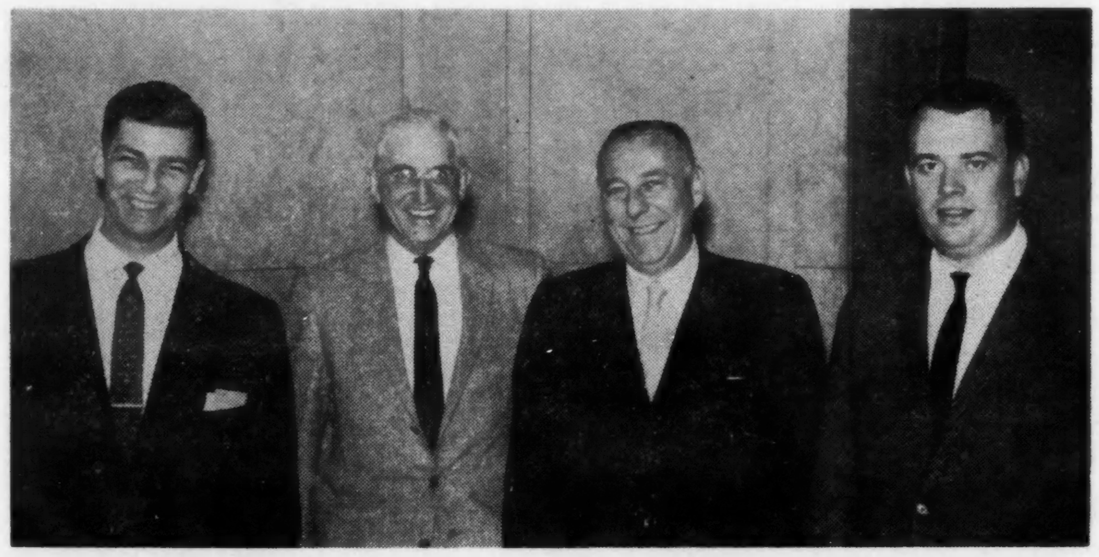

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Ed McCarron, *C. J. Devine & Co.*; Bill Davidson, *Insurance Co. of North America*; Carl Necker, *Schaffer, Necker & Co.*; Alfred Sharp, *Metropolitan Securities, Inc.*; Joseph Girard, *Metropolitan Securities, Inc.*

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Hal Murphy, *Commercial & Financial Chronicle* (New York); George Heinze, *Walston & Co. Inc.* (New York); Frank Russo, *F. Eberstadt & Co.* (New York); Kevin Reilly, *J. F. Reilly & Co., Inc.* (New York); Brad Smith, *Rouse, Brewer, Becker & Bryant* (Washington, D. C.)

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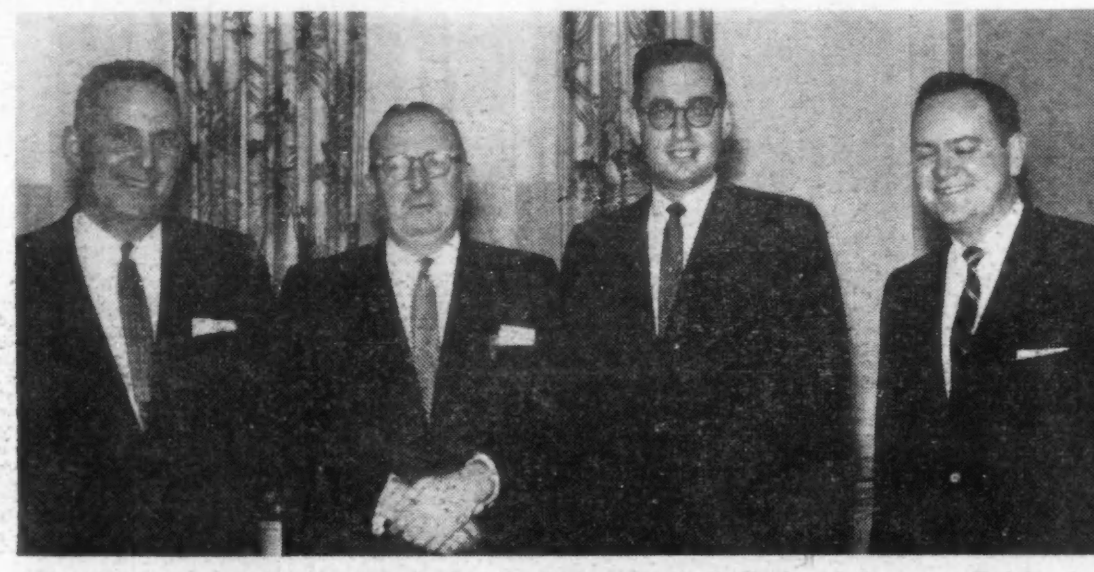

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Anthony Coculo, *Fidelity Philadelphia Trust Company;* Walter Fixter, *J. W. Sparks & Co.;* William Allen, *Fidelity Philadelphia Trust Company*

Leading Financial Questions Discussed in Washington

Continued from page 22

their purchases for the speculative profit, they will tend to depress prices and interfere with orderly distribution of the issues by legitimate underwriters to ultimate owners. The secondary distribution of an auctioned bond would be further impaired by the reluctance of holders who paid above the average price to take a loss on the transaction at the market price, even if it remains steady at the average bid. Many institutional portfolio managers dislike the auction technique, lest they be criticized either for paying too much or for not obtaining the securities because they bid too low. Thus, they would rely on the secondary market. This means that there would be fewer original bidders for the bonds, which would tend to lower the average price and increase the cost to the Treasury.

Tax Complications

There is the additional fact that many investors such as pension funds "buy coupon," preferring as high a rate of current earnings as they can get, rather than part current earnings and part capital gain when they sell the bond or it matures. Again, many investors prefer not to buy at premium, because they prefer not to get part of their capital back with each interest payment. Auctioning long-term bonds would raise tax complications. even under the auction system, the Treasury would have to price bond issues to some extent, placing a coupon rate on the securities. But no bid could be accepted below a certain discount under par without tax complications. Securities issued at any greater discount than one-fourth of 1% for each full year to maturity would fall under the tax-law provisions governing original issue discount and the increase in value to par would be taxed as ordinary income. These provisions do not apply to bills, since they are not a capital asset for tax purposes. With an auction, bids may be accepted at many different prices and each lot would have a different original issue discount. Even bonds issued with the original issue discount might be accorded different tax treatment as a result of transactions in the secondary market, creating confusion in evaluating them and seriously undermining investor interest.

The Treasury believes therefore that the obstacles to extension of the auction technique to intermediate and long-term bonds are formidable.

It is extremely hard to evaluate the relative costs of selling Treasury securities by auction and by Treasury pricing methods now in use. It would be very difficult to prove any interest-cost saving by the auction method in the short-term area. Secretary Anderson's letter of February 17, 1960, to Cong. Thomas B. Curtis (R., Mo.) reveals considerable disappointment with the results of the auctioning of 1-year bills. "Such experience," Anderson wrote, "casts serious doubts as to the advisability of an early extension of the auction technique to the sale of longer term Treasury securities." Five times since January 1, 1959, the Treasury has sold at auction bills of its new cycle of quarterly maturities. The average rate of discount on these auctions, 4.38%, was 16 basis points above the average yield on comparable securities available in the market.

The 4.38% understates considerably the true yield to the investor and cost to the Treasury, as Treasury bills are traded in the market on the basis of bank discount rather than investment yield and, further, because the market yields are based on 360 days, rather than the actual number of days in the year. Thus, the true yield of the auctioned bills was, on the five issues, 4.60%, rather than 4.38%, and the average spread was 38 basis points. Moreover, on six issues of certificates and short-term notes sold since January 1, 1959, on which the Treasury fixed the interest rate after consulting advisory groups, the average interest paid was 4.26%, compared with a 4.07% yield to maturity of comparable outstanding issues, a spread of only 19 basis points, as compared with the above-mentioned 38 basis points. Nor is this all. Secretary Anderson's letter continued:

"All but one of the bill auctions (as contrasted with only one of the other offerings) involved the privilege of commercial bank payment for the securities by credit to the Treasury's tax and loan accounts at the banks. This means that a subscribing commercial bank could, if it so wished, buy between $5 and $9 of the new issue for every one dollar it had available in excess reserves, the precise amount depending on the reserve classification of the subscribing bank. Inasmuch as bids by commercial banks for [illegible] one of the bill issues reflected the value of the tax and loan privilege, which induced the banks to act as underwriters [illegible] ors of the securities and to bid lower interest rates (higher prices) than would otherwise be the case, it is reasonable to conclude that the true spread, adjusted for the effect of the tax and loan privilege, was something like 50 basis points on the bills auctions. This contracts markedly with the spread of only 19 basis points on the offerings of certificates and notes, although this spread might perhaps be adjusted upward slightly in view of the fact that one of these 6 issues carried tax and loan privilege.

"After carefully studying the results of the operations described above, we have concluded that under conditions as they existed during the past year or so the Treasury, on average, might well have saved one-fourth of 1% or more if it had offered fixed rate certificates rather than the new 1-year bills at auction. Admittedly, this experience may not be conclusive inasmuch as the issuance of the 1-year bills at auction represented a new departure in Treasury debt management—namely, the introduction of a much longer Treasury bill than had ever been offered before. We hope that these results are not conclusive; we much prefer, where feasible, to use the auction method of pricing Treasury securities because it avoids the difficult problems involved in pricing a new issue of securities. Thus, we shall continue to use the auction technique whenever the prospects for its economical application seem favorable, and we intend to maintain the new cycle of 1-year bills.

"We do believe, however, that this experience with auctioning securities of only one year maturity raises serious questions with respect to recent proposals to auction even longer term Treasury securities—even including long term bonds. As we have stated before, we are convinced that auctioning of longer term securities could only result in a much higher interest cost to the Treasury—a judgment strongly supported by the experience with the 1-year bills—along with other serious disadvantages referred to in my testimony yesterday and described in detail in written material furnished earlier to the Committee."

The auction method was used for long-term issues, both direct Government and Federal agency, in 1934 and 1935. At first market response was satisfactory, but successive use of the technique was accompanied by a reduction in the amount of bids submitted, a wider spread in the bidding, a heavy concentration of bidding by New York banks and dealers as compared with others, and the need for substantial market support by the Treasury in some instances. The technique was last used in August 1935 for a $100,000,000 Federal Farm Mortgage Corporation issue, for which only $86,000,000 tenders were received. The experience showed a great concentration of new auctioned issues in professional hands. Even in the case of auctioned bills, experience shows a tendency toward concentration as compared with tax anticipation certificates, on which the Treasury fixes the rate. The Treasury concludes that adoption of the auction technique for longer bonds would increase the concentration of initial distribution to banks in the first instance.

[illegible] the years many man-months of time have been devoted by the Treasury and Federal Reserve Board to answering probing and sometimes tendentious questions by Congressional critics who, even when they are shown the light, continue to underscore the truth of the old saying:

> A man convinced against his will
> Is of the same opinion still.

The time consumed in answering long questionnaires is not wasted, however. The answers, when published, are educational to those who have the opportunity and time to go through them. Through legislators, educators and, not least, the press facts become known to the more general public. Thus we are indebted to politic[illegible], to administration critics, for causing the Treasury and the Federal Reserve Board to put their thinking and their experience down in black and white and thus help us, mere mortals, to weigh theory against truth and politics against economics. In the process the administrative agencies themselves benefit from the discipline of having to explain and defend. And they are never allowed to forget that Congress makes the laws.

In the space devoted to this article we have been able to explore in some detail the Treasury viewpoint on only two of many financial questions which are under active discussion in Washington today. Those who have the time will find these and a host of other topical questions discussed in Parts 6C and 10 of the Joint Economic Committee's 1959 hearings on employment, growth and price levels.

Phila. Ass'n to Hear

PHILADELPHIA, Pa.—Members of the Philadelphia Securities Association have been invited to attend a talk by Thomas E. O'Hara, Chairman of the Board of Trustees of the National Association of Investment Clubs at the Philadelphia National Bank, Tuesday, Feb. 23, at 3:30 p.m.

The program is sponsored by the New York Stock Exchange.

To Be H. L. Kimball Co.

As of March 1 the firm name of D. T. Moore & Co., 50 Broad Street, New York City, members of the New York Stock Exchange, will be changed to H. L. Kimball & Co.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The feeling that the Treasury will sooner or later be given the go ahead to refund outstanding issues and to raise limited amounts of new money at rates above the current 4¼% ceiling has had an unsettling influence on the Government bond market. The decline which has taken place in the most distant maturities was not accompanied by any appreciable increase in activity and volume, since these obligations have not been attractive to investors, aside from those who have had to make commitments in them because of compulsory requirements. The long-term Government market is still thin and professional in character.

The decline in quotations of long Governments was also accompanied by a moderate expansion in the takings of the intermediate-term issues, since a shift in the refunding and new money raising operations from this sector of the market would not increase the supply of these securities.

Treasury to Exceed 4¼% Rate

The belief is strong in the money market that the Congress will make changes in the 4¼% interest rate ceiling this year so that the Treasury will be able to issue long-term bonds for refunding and new money raising purposes. To be sure, this will most likely not be done over night because there is more than a passing amount of politics involved in this situation, but the feeling is growing that the Treasury will eventually get most of what it has been seeking.

What the final legislation will be like is largely a matter of considerable conjecture at this time but it appears as though there will be enough leeway in the expected changes in the interest rate limit law so that "advance refunding" and the obtaining of new funds will be carried out by the Government at rates higher than the currently existing level of 4¼%.

Public Disinterested

It is quite evident that the higher interest rate needed for the flotation of Government bonds with a maturity of more than five years will lose much of its steam as a political issue if it does not appeal to the country as a whole. According to advices, there appears to be no great public furore created by the high interest rate issue which would seem to indicate that a workable compromise is in the making as far as the 4¼% level for Government bonds is concerned.

It is about time that realities were faced by the Congress in this interest rate controversy since the Government, in order to finance its needs in a sensible manner, must meet the existing competition and that is not a long-term rate of 4¼%. Investors are not going to put money into a Treasury issue with a maturity of more than five years at 4¼% when a much better return is available in corporate and tax-exempt obligations. Whether there will be callable Government securities in the new turn of events, as has been discussed at the hearing in Washington, will depend most likely on the kind of changes which are made in the interest rate ceiling.

Diminishing Demand

The demand for Government obligations appears to have lessened somewhat following the rather sizable purchases which were made in these obligations in the first two months of the year. The climate was right for these commitments since there was enough uncertainty in the equity market to result in funds being put to work in selected Government securities. In addition, the yield which was available in Treasury obligations was high enough so that new money was invested in the not too distant Government issues instead of common stocks. The purchases of long-term Government bonds did not expand to any extent in this period because much more favorable yields were obtained in corporate bonds and tax-exempt obligations, with the latter bonds being bought by investors that had to have tax shelter.

Now that the rush to buy selected Governments appears to have subsided a bit, and the stock market is not as defensive as it was, it will be interesting to see whether or not this betterment in the market for fixed income bearing issues was just a flash in the pan.

Final 1960 Cash Borrowing

The Treasury is not expected to be back in the market for new money until near the end of the month or the early part of April. The new cash needs in this borrowing will most likely be in the neighborhood of $2 billion or $2½ billion. This should be the last cash offering for the fiscal year 1960. Another new money venture will probably be undertaken in August.

Robt. Martin Assoc. To Be NYSE Firm

Robert A. Martin Associates, Inc., members of the New York Stock Exchange, will be formed as of March 10th with offices at 680 Fifth Avenue and at 120 Broadway, New York City. Officers will be Robert A. Martin, president, who will acquire a membership in the exchange; Stanley L. Hilton, vice president and secretary; and Louis Volkomer, treasurer.

Impressive Trends Ahead For Electrical—Electronics

Continued from page 3

filled, new needs come to light, and they in turn are fulfilled — and you have the chain reaction known as "progress." That is the story of the electrical industry . . . ranging all the way from the laboratories, to the manufacturing companies, to the utilities, to the consumed.

Some Recent Milestones

When you look for the more recent milestones in the electrical industry, it becomes a challenge of finding a logical milestone to separate from the thousands and thousands of others. And so you finally decide that you have to reach into the record and arbitrarily take out two or three milestones as typical of the many. You single out the development of high-pressures steam turbines, the fluorescent lamp, the cathode-ray tube from which came radar and television, gas turbines (which, of course, include aircraft jet engines), the all-electric locomotive, the atom-smasher, the computer, and many many more—and if you were to devise some way of charting these developments you would find in a very few minutes that the curve was becoming exponential and was going right off the top of the chart.

Sooner or later, you come to the realization that when you talk of the electrical industry you are talking about an industry that has more different characteristics than any other organized endeavor in modern life. It embraces not only the electrical sciences but every other science. It makes things which *work* for you, which *cure* you, and which *entertain* you. It produces power plants which carry you into the air, and along the ground, on the water, and under the sea. Its products work for you in the homes, in the offices, in the schools, or anyplace else you might happen to be. And it helps other industries make a million different products.

Here is an industry that has made modern living extremely simple and at the same time rather complex. It has replaced some reasonably simple devices with some remarkably complex ones that do a great deal more, and in doing so, it has changed the entire concept of what was being done in the first place. And when an industry can do that, it certainly can be described as vital, and dynamic, and completely fascinating to anyone fortunate enough to be a part of it.

If there ever were an industry that deals in astronomical figures, it is the electrical industry, and when the United States Government talks in terms of billions of dollars — or "megabucks" as some of the more sophisticated people in the armed services are wont to do—we in the electrical business can always put them to shame by talking in terms of trillions. When I first started out in the industry with the Niagara Hudson Power Corp. 30 odd years ago, anyone who predicted that the consumption of electric power would reach 700 billion kilowatt-hours by 1959 would have been told to tone down his wild estimates or go look for another job. And yet you, and I, and the other 180 million people in this country not only set a new record by using 700 billion kilowatt-hours last year, but we are already chewing away at another new record in 1960.

One-and-a-Half Trillion By 1970

It wasn't too many years ago—about 10 years ago, in fact—that the annual consumption was around 400 billion. Some of us decided to live dangerously, and we came out with the prediction that this country would be using 800 billion kilowatt-hours by 1970. Some of the more conservative members of the industry gagged a little at that kind of blue-sky thinking, but they took it in good grace and kept their fingers crossed. Well, they uncrossed their fingers a couple of years ago, because at the rate we are going, we will be up around 1½ *trillion* by 1970 . . . 1½ *trillion*—and if you extend the curve ahead to 1980, the total comes out to nearly three trillion. Now you know what I meant when I said the government's figures have nothing on us.

Let's examine those figures a little more closely, and you will notice a phenomenon that symbolizes the electrical industry. Electrical power consumption has developed a trend of *doubling* in every decade. It was 700 billion in 1959, it is trending toward a trillion-and-a-half in 1970, and three trillion in 1980. From one side of the fence, the momentum for this magic doubling has been supplied by the electrical manufacturing side of the industry, because total shipments of electrical products have also been doubling every decade. The total was some $25 billion last year and should reach at least $50 billion by 1970. From the utility side of the fence, however, you could say the doubling in their output produced the demand for the manufacturers. Either way I am completely happy with what is going on.

From the standpoint of the contributions made by the electric utilities, this has meant that they not only are meeting *existing* demands for electric power but, even more importantly, they are gearing their operations to the future growth of their service areas—and they will have the power there when their consumers want it. That kind of leadership is absolutely vital, and they should be congratulated for it.

Turns to Electronics

I would be greatly remiss if at this point I were not to devote a few words to that aspect of the electrical industry that has made an enormous impact on our lives since the end of the war. I am speaking, of course, about *electronics*—the industry that evolved out of some basic work done by Edison and from Dr. Lee De Forest's invention of the vacuum tube more than a half century ago.

All through the 1920's and 1930's and up until World War II, electronics was essentially the radio broadcasting and manufacturing business. The war changed all that almost overnight, and along about 1942 or so, we began to hear that new word "electronics" — the science and technology arising from the action of electrons in a vacuum—and the specific device in which that happens is the electron tube.

From sales and revenues of about $500 million just before the war, electronics has almost become an Industrial Revolution by itself—and that seems a reasonably apt description for an industry that reached sales and revenues of more than $14 billion last year and should set a new record of more than $15 billion this year.

There are several reasons why I believe we should take a close look at the electronics business today. All of us appreciate the tremendous contributions made by the electric utilities, the electrical manufacturers, and the electrical wholesalers and retailers to the economic growth of the Metropolitan Chicago area, in fact the entire Mid-West and Great Lakes regions. And now the electronics business has joined the electrical business up there on the front line. You can look at the future of the electronics industry in two ways: First, it is expanding steadily in this area and that means an even stronger Mid-West economy. Second, as other industries grow and improve their technology and methods, one of their most important tools will be electronics — some equipment or device that harnesses or uses the action of electrons.

I don't care what part of our way of life you have in mind, each one of them is destined to feel the impact of an electronic revolution in the next 10 years.

Untapped Markets

One especially big untapped reservoir is the commercial and industrial market, both from the standpoint of the way a product is produced and the end product itself. Whether you have in mind steel-rolling, or food processing, or transportation, or communications, the heart of these activities will be an electronic gadget of some sort. It may be a microwave communications network or some process control device, or foolproof airway navigation, but you can be assured *it will be electronic.*

To sense the possibilities, all you need do is look at National Defense. There not only is equipment which would counteract enemy radar, but there are counter-countermeasures to the enemy's countermeasures, there are the man-made satellites that radio messages back to earth, and there are anti-missile missile systems.

The wide area covered by just those few applications tells the story—electronics is as big as the universe. And that is literally true, because electronics put those satellites up there, and now all electronics has to do is figure out how to bring them down.

That description "big as the universe" is literally true for even broader reasons. Electronics has developed not only as a great new industry with its fields of application reaching just about everywhere, but it has introduced an entirely new concept of communications. Communications for many years has meant the telephone, and radio, and the telegraph. But the really unlimited potentials that we see ahead for electronics has produced a new definition—communications today means *getting the right information, to the right person, at the right time*—it means gathering information, processing it, and delivering it to the point where it is needed. And "information" in this broad new concept can mean any number of things: the image of an approaching airplane on an air-traffic-control radar screen, a television broadcast, the calculations of an electronic computer, the remote control of an atomic reactor—in fact, any kind of information that an electronic device picks up and transmits to someone who wants to know what is going on.

Let me assure you that this isn't a dream of something that might happen someday—it is already happening, and each one of the things that we can do today is pointing the way toward a thousand new things we will be able to do tomorrow—all because a man named Edison noticed in his laboratory one day that a filament heated by electricity gives off electrons—the "Edison effect," as it is known in scientific circles.

Electronic Computer

The application of electronics to the job of data processing has a potential which particularly intrigues me, because we have in electronic data processing the answer to the mountains of paperwork that have inundated the businessman. Just pause for a moment and reflect just how much time you and I spend plowing through reports trying to find out what happened a month ago or six months ago—which is just so much ancient history in this fast-moving business world—let alone trying to find out what is happening right now so that we can do something before it is too late.

All of us know that the great emphasis these days is on speed and more speed—and this has been the natural outgrowth of this country's demand for a higher standard of living. Meeting those demands has made every aspect of business today incredibly more complex than it was only 10 years ago. But greater speed alone isn't the answer, because that can mean we run faster but that we run in the same tight circles What we need is *better* information, and we need it sooner. The way our economy is geared these days, there is less and less time between the events that affect our business, and since we in management have to base our decisions on those events as they are reported to us, we need *better* information — not *more* information—and we need it in time to do something about it.

The "electronic computer" is, of course, the heart of data processing—and it has been called the "electronic brain." Don't let that description fool you. It's not a brain; it's a tool. It can compute faster than a man, it can summarize faster than a man, and it can remember more than a man. But if you ask a computer a silly question, you will get back a very silly answer. It is an electronic tool—that's all it is— and it is no better than the men who program it, the men who tell it what to do and when to do it.

If you realize this limitation, you can go on from there, and the computer will extend your business procedures, your systems, and your planning with a degree of skill and speed that you never dreamed you could achieve. Now this is more than a question of what the computer can do *better* or *faster*. Those are the immediate pay-offs to the substantial amount of money a computer and all its associated equipment cost. Increased speed and elimination of the drudgery of paperwork—those are the immediate payoffs. But far more important is the opportunity to do things that you have never been able to do before—and there you have the basic contribution of the electrical industry throughout the more than 75 years of its existence — helping people to do things they have never been able to do before. And the computer is simply the latest manifestation of a trend that has been going on ever since Edison developed his dynamo, and the Pearl Street station in New York became the first generating plant in the country.

Well, we have been looking at some pretty impressive trends for tomorrow—and there certainly is no question about the direction in which the electrical-electronics industry is going. And I wish we could leave it at that. Unfortunately, however, these trends I have been describing all presuppose one basic thing—they presuppose that the entire economic climate will be right. After all, these are potentials—they are *opportunities*, and they are *tangible opportunities*—but as in the case of any opportunity that is really worth anything, there are some challenges that we will have to face up to.

Having the Proper Economic Climate

Dynamic and effective as the electrical industry may be, it can't do the job alone. It can carry the ball only so far, and then it runs smack up against some factors over which it has not direct control. By far the biggest of these factors is what might be called "economic cooperation." Heaven knows we have been "economic cooperating" all over the world, and we even have an Economic Cooperation Administration to help our friends overseas. But why don't we do a little of it right here at home?

Here is the crux of the situation. Every major segment of our economy must devote far greater attention than ever before to the impact of its actions on the rest of the economy. None of us—industry, government, labor — can act in a vacuum and go all out for itself alone. That kind of narrow self-interest will only wreck this country.

Let's get down to brass tacks: If management fails to apportion the benefits of greater productivity on a fair-sharing basis among shareowners, employees, and customers; if labor takes all of the productivity increases in the form of higher wages, if government keeps increasing the tax load without making sure that it has first eliminated waste and extravagance of its present tax revenues—there won't be anything left for anybody. There isn't any bottomless bucket of gold in this economy or any other economy — and if we all don't realize that, and work together, we will end up with a depression that will make 1929 look like a picnic.

You and I and every other businessman is faced with the challenge of doing everything he possibly can to assure a *favorable business climate* — and I don't mean a climate that is favorable only to businessmen—but a climate that works for the benefit of everybody — the people who own businesses, the people who work in them, the people who buy from them, and everyone else.

Let's make sure, particularly in this election year, but not only in an election year, that we dig into the issues affecting all of us—that we understand the impact they have on us—and that we don't abdicate our responsibilities to special-interest groups who have all too often pushed us right into a corner.

That is my challenge, and it is challenge that we will have to meet head-on if the electrical industry is to turn those wonderful opportunities into real progress for this country.

This will put us to the severest test of our lives. But the brilliant past history of the electrical industry tells me that there isn't a roadblock that all of us can't overcome if we go after it.

*An address by Mr. Mitchell before the Executive's Club of Chicago and the Electric Association, Chicago, Feb. 5, 1960.

Clark, Dodge Branch

Clark, Dodge & Co., 115-year-old investment banking and brokerage firm has announced the opening of its new mid-town office at 410 Park Avenue, New York City. The office will be equipped to serve both individual and institutional customers.

The new office, which is being opened in order to provide additional service to the firm's customers, will be headed by two partners, Perry R. Pease and Nelson R. Jesup, and will be closely coordinated with the main office at 61 Wall Street. The mid-town office will even use the 61 Wall Street telephone switchboard in order to insure this close liaison.

Frank L. Grady

Frank L. Grady, vice president of Grady, Berwald & Co., Inc., New York City passed away February 7th.

Henry L. Finch

Henry LeRoy Finch passed away February 1st. He was a partner in Finch, Wilson & Co., New York City.

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

The Chase Manhattan Bank, New York announced on March 1 that it had received the necessary approvals from Federal, state and local authorities to open a banking office in Nassau, Bahamas, in May. With the new branch the Bank will have 19 in the Caribbean area.

* * *

Howard S. Shulman has been elected a Vice-President-Metropolitan Division of **Chemical Bank New York Trust Company, New York,** it was announced Feb. 26, by Harold H. Helm, Chairman. Mr. Shulman will be loacted at the bank's 38th Street & Broadway office.

Mr. Helm also announced the following promotions:

Henry P. Warren, III, from Assistant Secretary to Assistant Vice-President, Metropolitan Division; Thomas E. McCullough, from Assistant Manager to Manager of Credit Department, and George R. Clough, George W. Engelhardt, Richard Eugene Nelson and Charles J. Werring, from Assistant Managers to Assistant Secretaries, International Division. William J. Berg is appointed Assistant Secretary, Personal Trust Department.

* * *

John Haskell, has been named the Paris Representative of **Bankers Trust Company, New York,** it was announced, Feb. 24, by William H. Moore, Chairman of the bank's board.

* * *

Harold G. Brownson, formerly Vice- President and officer in charge of the 42nd Street branch office of the **Irving Trust Co., New York,** has been appointed head of the bank's branch office division. Burton B. Brown succeeds him at 42nd Street.

* * *

The election of George R. Tollefsen, Webster J. Caye, Jr., George F. Quinn and J. Read Smith to the Board of Trustees of the **Bay Ridge Savings Bank, Brooklyn, N. Y.** was announced by Edward R. McAuliffe, President.

* * *

William B. Lewis, formerly Vice-President, has been promoted to Senior Vice-President of the **Franklin National Bank of Long Island, N. Y.** James J. Boshart and Robert T. Correll, formerly Assistant Vice-Presidents, have been advanced to Vice-Presidents.

* * *

The resignation of Elmer Lee Fingar, Vice-President and Senior Trust Officer of **National Bank of Westchester, White Plains, N. Y.** was announced by Ralph T. Tyner, Jr., Chairman of the Board, and Harold J. Marshall, President.

Mr. Fingar will be retained as Consultant to the Bank's Trust Department. Mr. Fingar joined NBW in the fall of 1954.

* * *

By the sale of new stock the **First National Bank of New Rochelle, New York** increased its common capital stock from $1,600,000 to $1,800,000 effective Feb. 15. (Number of shares outstanding—180,000 shares, par value $10).

* * *

Albert Bacon Merrill, Chairman of the board of the **First Trust and Deposit Company of Syracuse, N. Y.,** died Feb. 25. He was 71 years old.

* * *

The First National Bank of Boston, Mass., increased its common capital stock from $35,000,000 to $43,750,000 by a stock dividend effective Feb. 15; (number of shares outstanding — 3,500,000 shares, par value $12.50).

* * *

Merger certificate was issued Feb. 12 approving and making effective at the opening of business Feb. 15, the merger of **The Black Rock Bank and Trust Company, Bridgeport, Conn.,** with common stock of $540,000 into **The National Bank & Trust Company of Fairfield County, Stamford, Conn.,** with common stock of $2,904,750. The merger was effected under the charter and title of "The National Bank & Trust Company of Fairfield County," with capital stock of $3,714,750, divided into 371,475 shares of common stock of the par value of $10 each.

* * *

Hudson County National Bank, Jersey City, N. J., increased its common capital stock from $3,000,000 to $3,300,000 by a stock dividend, effective Feb. 15. (Number of shares outstanding—132,000 shares, par value $25.)

* * *

After more than 40 years, James N. Land, Senior Vice-President in the Economics Office of **Mellon National Bank and Trust Company, Pittsburgh, Pa.** has retired on March 1. The announcement was made by Frank R. Denton, Vice-Chairman of the Board. Mr. Land will continue as a consultant to the Bank.

In 1917 Mr. Land entered business as an assistant economist in the bond department of the **Guaranty Trust Company of New York.**

In 1948 he became a Vice-President of Mellon National Bank and Trust Company, and since 1953 he has been a Senior Vice-President.

* * *

The common capital stock of the **Alexandria National Bank, Alexandria, Va.,** was increased from $500,000 to $700,000 by a stock dividend and from $700,000 to $1,000,000 by sale of new stock, effective Feb. 19. (Number of shares outstanding — 100,000 shares, par value $10.)

* * *

By a stock dividend the common capital stock of **The City National Bank of Cleveland, Ohio,** was increased from $19,360,000 to $21,296,000, effective Feb. 17. (Number of shares outstanding—1,331,000 shares, par value $16.)

* * *

Directors of the **American Fletcher National Bank and Trust Company, Indianapolis, Ind.** have approved the calling of a special meeting of the Bank's shareholders on March 17, to vote on a proposal to authorize 226,604 additional shares of the Bank's $10 par value capital stock, according to an announcement March 1 by Frank E. McKinney, Chairman, and H. Prentice Browning, President.

This proposed action, subject to the approval of the Comptroller of the Currency, will increase the Bank's number of shares of capital stock from the present 679,812 shares to 906,416 shares. It is planned that the proceeds of the proposed offering, plus a transfer to surplus from undivided profits, will increase the Bank's capital and surplus to $35,000,000.

It was pointed out by Mr. McKinney and Mr. Browning that, if the proposal is approved by both shareholders and the Comptroller of the Currency, it is intended that the additional shares will be offered to shareholders of the Bank of record on March 16, for subscription on the basis of one share for every three shares held.

Shareholders will be allowed the period from March 17 to April 4, 1960, to exercise their rights to subscribe for the new shares.

* * *

The Riddell National Bank of Brazil, Ind., increased its common capital stock from $200,000 to $300,000 by a stock dividend effective Feb. 17. (Number of shares outstanding—15,000 shares, par value $20.)

* * *

Kenneth V. Zwiener, President of **Harris Trust and Savings Bank, Chicago, Ill.** and Lester Armour, Chairman of **Chicago National Bank, Chicago, Ill.,** announced that the Boards of Directors of the two banks authorized their managements to enter into formal negotiations looking toward the merger of the Chicago National Bank into the Harris Trust and Savings Bank.

After a merger agreement is completed it will be necessary to obtain approval of stockholders of both banks, governmental agencies and regulatory authorities.

* * *

Louis E. Corrington, Jr., President of **Southmoor Bank & Trust Company, Chicago, Ill.,** announced March 1, that the bank has been renamed **Guaranty Bank & Trust Company.**

* * *

The common capital stock of the **Citizens National Bank of Chicago, Ill.,** was increased from $300,000 to $325,000 by a stock dividend and from $325,000 to $400,000 by sale of new stock, effective Feb. 19. (Number of shares outstanding—20,000, par value $20.)

* * *

By a stock dividend **The First National Bank of Belleville, Ill.,** increased its common capital stock from $500,000 to $750,000, effective Feb. 15. (Number of shares outstanding — 30,000 shares, par value $25.)

* * *

A charter was issued to the **First National Bank of Park Ridge, Park Ridge, Cook County, Ill.** The President is W. E. Cornelius and the Cashier is Daniel G. Priske. This is a conversion of **The Bank of Park Ridge, Park Ridge, Ill.,** to take effect as of the close of business Feb. 13. The bank has a capital of $250,000 and a surplus of $217,228.64.

* * *

The American National Bank of Beaver Dam, Wis., increased its common capital stock from $100,000 to $200,000 by a stock dividend, effective Feb. 16. (Number of shares outstanding — 2,000 shares, par value $100.)

* * *

The Union National Bank of Wichita, Wichita, Kan., changed its title to **Union National Bank of Wichita, Wichita, Kan.,** effective Feb. 15.

* * *

The Fidelity National Bank & Trust Company of Oklahoma City, Okla., increased its common capital stock from $1,000,000 to $1,500,000 by sale of stock, effective Feb. 12. (Number of shares outstanding — 150,000 shares, par value $10.)

* * *

A charter was issued on Feb. 12 to the **Penn Square National Bank of Oklahoma City, Oklahoma City, Oklahoma County, Okla.** The President is J. C. Cravens and the Cashier is Robert H. Stipes. The bank has a capital of $500,000 and a surplus of $250,000.

* * *

The Central National Bank of Enid, Enid, Okla., changed its title to **Central National Bank and Trust Company of Enid, Enid, Okla.,** effective Feb. 15.

* * *

By the sale of new stock **The Merchants National Bank of Mobile, Ala.,** increased its common capital stock from $2,525,000 to $2,777,500, effective Feb. 17. (Number of shares outstanding — 277,750 shares, par value $10.)

* * *

The National Bank of Commerce in New Orleans, La., increased its common capital stock from $5,500,000 to $6,050,000 by a stock dividend and from $6,050,000 to $6,600,000 by sale of new stock, effective Feb. 15. (Number of shares outstanding — 660,000 shares, par value $10.)

* * *

By a stock dividend **The Citizens National Bank of Morgan City, La.,** increased its common capital stock from $100,000 to $200,000, effective Feb. 18. (Number of shares outstanding—8,000 shares, par value $25.)

* * *

The common capital stock of the **First National Bank of San Antonio, Texas,** was increased from $500,000 to $550,000 by a stock dividend and from $550,000 to $750,000 by sale of new stock, effective Feb. 18. (Number of shares outstanding—75,000 shares, par value $10.)

* * *

The First National Bank Wichita Falls, Texas and the **Wichita National Bank, Wichita Falls, Texas,** consolidated under the title of the **First-Wichita National Bank.**

* * *

First National Bank of Abilene, Texas, increased its common capital stock from $1,000,000 to $1,250,000 by a stock dividend and from $1,250,000 to $1,500,000 by sale of new stock, effective Feb. 15. (Number of shares outstanding — 75,000 shares, par value $20.)

* * *

The common capital stock of **The Stone Fort National Bank of Nacogdoches, Texas,** was increased from $200,000 to $275,000 by a stock dividend and from $275,000 to $300,000 by sale of new stock, effective Feb. 16. (Number of shares outstanding—3,000 shares, par value $100.)

* * *

Elliott McAllister, Chairman, and Edwin E. Adams, President of **The Bank of California, N. A., San Francisco, Calif.,** on Feb. 24 announced that Leland H. Johnson, Vice-President of the bank's Portland, Oregon office, has been named to succeed Rogers W. Kimberling as Vice-President and Manager. He has been with The Bank of California since 1938 — was appointed Assistant Manager in 1952 and Vice-President in 1959.

* * *

The Midland Bank, London, Eng., extended its regional representation by the appointment of two additional Regional Managers. They are Mr. C. J. Clipsham, since 1946 Manager of Coventry branch, who has been appointed Regional Manager for the Eastern counties and will be based on Peterborough, and Mr. J. Hardy, since 1952 Manager of English Street, Carlisle branch, who will be Regional Mnager for the far Northern counties and will be based on Newcastle upon Tyne.

Mr. Clipsham and Mr. Hardy will take up their new duties on April 1.

* * *

C. R. Klenske was elected Controller of the **Bank of Hawaii, Honolulu, Hawaii,** at the Board of Director's annual meeting held on Feb. 19.

Walter F. Dillingham, Chairman of the Board, said that as controller, Mr. Klenske will be concerned with management planning; controls, including systems, procedures and cost accounting; as well as engineering, including use of machines, bank premises and locations.

Mr. Klenske came to the bank of Hawaii in 1947 from the **Security First National Bank in Los Angeles, Calif.** and became Manager of the Bank of Hawaii's Foreign Department. Prior thereto, he was associated with the **First National Bank of Philadelphia, Pa.** for a number of years.

Mr. Klenske will assume his duties immediately, and succeeds Guy C. Piltz, Vice-President, who has been elected as the Bank's General Auditor.

Central States IBA Group to Meet

CHICAGO, Ill.—The 24th Annual Conference of the Central States Group of the Investment Bankers Association of America will be

Edward D. McGrew James J. Lee

held at The Drake Hotel on March 16th and 17th.

Edward D. McGrew, Vice President of The Northern Trust Company and Chairman of the Central States Group, has arranged the Program which will include speakers from industry and government.

Guest speaker in the morning before the Municipal Forum will be David G. Scott, Vice President and Actuary of the Continental Companies.

Charles H. Percy, President of Bell & Howell Co. will discuss the "Decade Ahead" at the luncheon meeting. Guest of Honor Wednesday night will be James J. Lee, Partner of W. E. Hutton & Co., and President of the Investment Bankers Association of America.

Other speakers include:

Richard Ostheimer, Director of Market and Research for Time and Life.

Joseph Stockton, Vice President and Treasurer, The Illinois Bell Telephone Company.

George P. Hitchings, Economist, The Ford Motor Company.

Sargent Pres. of Wm. Iselin & Co.

Charles S. Sargent Jr. has been elected president and chief executive officer of William Iselin & Company, Inc., the nation's oldest factoring firm. This was announced by Arthur O. Dietz, chairman of Iselin and president of C. I. T. Financial Corporation.

Morton Goodspeed is retiring as president after 25 years of service but will continue as vice chairman of the board.

Kenneth B. Beatty was named executive vice president and Henry H. Lickel was elected vice president and secretary. Both have been long identified with the company.

William Iselin & Company was founded 152 years ago. It was acquired by C. I. T. Financial Corporation in 1932.

With DeHaven, Townsend

UPPER DARBY, Pa. — DeHaven & Townsend, Crouter & Bodine, announce that Harlan P. Statzell, III, has become associated with them as a registered representative in their Upper Darby, Pa., office at 6910 Market St.

Mr. Statzell, who has been associated with the firm for the past year, was formerly a securities analyst with the Teachers Insurance and Annuity Association of New York City.

AS WE SEE IT

Continued from page 1

tries so far as modern industrialization is concerned. Why? There are probably a number of factors that have contributed to the failure of these countries to come even near matching the industrial achievements of the United States, but obviously the inhabitants of Latin American countries have not had the interest, the ability or the initiative that is required for the process of industrial development on a large scale. Nor are they today displaying the qualities of body, mind and spirit which normally give rise to industrial achievement.

The first question to be asked is whether these peoples have even yet reached the point where they are willing to do what is necessary to develop their resources. If we may assume that they are now seriously desirous of industrialization, and can somehow find among themselves leaders who are capable of inspiring and directing the development of their economies, there are two roads which theoretically at least lead to the ends sought. One of these is typified by the processes that have been under way in Soviet Russia since its beginning. There the required capital is obtained by enforcing upon the great rank and file an austerity the extent of which is hard for outsiders to realize. That is, the people were obliged to do without not only butter, as we used to say during the war, but most of the comforts and many even, of what we would call the necessities of life in order that labor and materials could in much larger measure be devoted to the development of machines for the later production—presumably—of goods the people wanted and needed. Of course, in Russia first place was given to armament so far as the output of heavy industry was concerned, but the process is the same.

Another Way

The other mode of procedure is to invite foreign capital to aid extensively in the development of heavy industry and industrialization in general. Ordinarily, there is surplus capital somewhere in the world. Under any reasonable conditions it flows to those points where it is most needed. Of course, it expects its rewards, but it is ordinarily quicker and easier for backward peoples to pay such rewards and by this means get the industrialization they want than it is for them to deny themselves in the degree that the Soviet peoples were required to do. An outstanding example of this sort of development is, of course, the United States which made extensive use of foreign capital in its development, and before too long a period of time was able to return the vast bulk of the funds thus advanced.

As is well known, foreign capital funds did flow into Latin America, too, in very considerable amounts for a very considerable period of time. But for one reason or another—some of them beyond the control of Latin American peoples, but a good many that must be laid at the doors of these peoples—the progress that was common in the United States did not develop there. For one reason or another the Rockefellers, the Harrimans, the Astors, the Vanderbilts and the others who did so much for the development of this country did not appear upon the scene in sufficient number. The political stability so essential to such enterprises was not always present. More and more foreign capital centered in the extraction of minerals, including oil, which tended to convert these countries into mere sellers of their capital assets.

Hostility to Foreign Capital

Then, of course, came the modern eruptions which created conditions which made it less and less attractive to any foreign capital to enter many of these countries. Confiscations and all sorts of discrimination against foreign capital became more and more common. Industry, fortunately, for such peoples is nothing if not resourceful, and capital in one degree or another still flows into most of these countries where ways and means have been found to overcome at least some of the obstacles which have been put in the way of industrial operations by foreign capital. But political ferment is still working in most of the Latin American lands, and is placing a heavy hand upon the normal process of industrialization by use of foreign capital or by the aid of foreign capital.

Now, in our judgment it is highly unlikely that any of these Latin American peoples will give their consent to industrialization by the Russian method. In point of fact such a procedure appears possible anywhere only under the most rigid and determined sort of dictatorship. The big question, therefore, is this: Are the peoples of these Latin American lands now ready to deal with foreign capital in a way that will persuade it to enter the countries in large amounts? If they are not, the outlook for extensive industrialization in the years immediately ahead is not good no matter what is done in the way of aid and the like. If they are, then the question arises as to whether native peoples can develop the leadership to proceed with the aid of foreign capital. That question as also the query as to whether the native peoples have the willingness and the ability to become skilled in the trades and assiduous in their work, remains for the future to disclose.

Managing Our Trusts as Prudent Men Would Do

Continued from page 15

when decisive action would have afforded a really effective hedge.

Handicap #3 — Diversification

One of the greatest handicaps to prudent investment procedure in trusts is the inability of trustees to present both sides of a transaction in justifying a sale or purchase. The insistence by the courts that each individual transaction stand on its own feet is inconsistent with good investment principles and practices. It penalizes diversification, the basic principal of which is that gains will offset an occasional inevitable loss.

If a trustee diversifies thoroughly in 20 stocks, and at the end shows 19 profits and one loss, he may be surcharged. This doesn't make sense! If he were really cynical about it, he might decide to buy only 4 or 5 stocks, keep a voluminous record on them, and run 5 chances of being surcharged instead of 20.

You may think that this is not a vitally important point. But the law is unfair and unbusinesslike in this respect, and trustees do a poorer job because of it.

Handicap #4 — Selectivity

When a prudent man finds that he has made a poor investment in a common stock, he is quick to change it. These are times in which great selectivity is necessary in the purchase of equities. A portfolio should consist only of the best situated issues under rapidly changing conditions. Stocks which have lost their attractiveness should be weeded out.

Trustees are very poor weeders. When a stock goes down, they are prone to grit their teeth and hang on, for the loss cannot legally be made up in any other issue. A trustee cannot explain to the court that he sold one stock at a loss because he thought that another one offered better prospects of recovery. Yet that is routine procedure for the expert investment manager.

Handicap # 5 — Buying Stocks For Income

Many, many years ago the courts held that a trustee must buy common stocks for income and not for appreciation. To meet this requirement, we at the United States Trust Company first had a rule-of-thumb that a common stock had to yield more than a high grade corporate bond in order to qualify as an income-producing trust investment. Then of necessity we shifted to measuring a stock against government bond yields, because that gave us a little better selection. But finally we realized that in buying common stocks for income we were sifting through the dregs of the market.

Market conditions had changed, and investment requirements had changed, since the time when a liberal dividend had been the criterion in appraising a common stock.

Handicap #6 — Redemption of Series G Bonds

It was disappointing and frustrating to discover, in New York State at least, that trustees could not redeem Series G Bonds prior to maturity, without recovering the discount from the beneficiary. We sacrificed marketability to obtain a guaranteed redemption price. Yet, when the high grade bond market dropped far below that redemption scale, we were not allowed to cash in on our prudence. As a result, we and our Series G Bonds both were unpopular with our customers from start to finish.

All these difficulties besetting a trustee emphasize how impossibe it has proven to be to reduce to writing these matters of investment policy and prudence, without doing more harm than good. No one has ever written an entirely adequate book on the subject of investments, and all of them have been somewhat out-of-date before they came off the press. The same is true of legislation and judicial decisions on this subject. Laws regarding human rights may be imperishable, bu there is a fatal obsolescence factor in legislation regarding investments.

We beg our customers to leave restrictive provisions out of their wills — not to specify railroad bonds, or tax-exempt bonds, or equity ratios. We know that the best thinking of today will be out-of-date and probably costly within a decade. Yet, the entire trust industry is so accustomed to these legal procedures that we accept our handicaps as a part of life. Somehow we must make it unnecessary for the courts to attempt the impossible, as they have for the last century and a half, which is to specify what is right and wrong in investments in an ever changing economy.

Not All Trustees Are Skillful

Talk to a legislator or your surrogate about these difficulties, and you will find that he is deeply concerned about them. But his point of view will be very different from yours. Surrogates will be quick to explain that their findings concern all trustees, not only banks and trust companies. They will remind you that not all trustees are capable investors. They will explain, as they have many times to all of us, that legislation and the courts must guide the unqualified trustee, and protect life tenants and remaindermen from his incompetence. They will make the point, and quite properly, that resourceful and aggressive management conducted by an expert becomes wild speculation in the hands of the novice trustee.

If a profit on one stock were allowed to offset a loss on another, they point out that an irresponsible trustee might count on one lucky speculation to bail him out of a succession of negligent losses. Nor can they accept from such a man the glib explanation that his losses were all incurred for tax purposes. Wherever fully qualified trustees turn in their campaign for businesslike freedom, the shadow of the novice trustee follows them.

Think what this means! Because a simple little housewife may be a trustee, the entire trust industry must walk slowly at her side, at her pace. We must walk because she does not know how to run.

Because a young garage mechanic may be trustee for his mother, we must wait while he reads chapter one of "An Introduction to Investments." There are trustees, I am sure, who will tell you that a profit margin is found in the annual report, at the bottom of the page, and that it is usually about two inches wide

"Trust Investments Made Easy"

Ours is the original "do it yourself" business. We have never persuaded the public, nor any one for that matter, that investment management is something for experts, requiring training and experience and full-time attention. You will see advertised at times a book on "How to Make Money at Home in Your Spare Time." This may concern dressmaking, but I suspect it is a handbook for the novice trustee.

I said novice trustee advisedly, for I mean no criticism of the many highly skillful individual trustees. There are many individuals to whom I would entrust my own family with complete confidence, but the point which I want to make today with great care is this: that there are in this country an unknown number of trustees, many individual and some corporate, who are completely unskilled, inexperienced, and unqualified for the responsibilities they have assumed. It makes no difference whether they are many or few. So long as the possibility exists that a financially uneducated housewife may be a trustee, the lawmakers and the courts have no choice but to be mindful of this possibility. There is no law against incompetence among trustees, and we must all be limited in our discretion because some trustees might abuse the privilege of complete freedom.

There is our problem. Under the rules of the game as we play it now, our pace must be that of the slowest trustee on the field. We might live forever, submissively, in this situation, if we were not losing ground constantly as a result of it. Our investment privileges and practices as trustee are more out-of-date and less adequate than they ever were before. Much of our trust law was written before the Federal Reserve System was established, before income taxes were devised, before the government debt soared into the billions.

Trustees Losing Ground Competitively

In a study of all financial institutions made by the Federal Reserve Bank of Philadelphia, it was revealed that the share of the nation's assets held by personal trust departments, expressed as a percentage of the whole, has been declining for 20 years. At the same time, other institutions, including the insurance companies and mutual funds, have been increasing their percentage. Now insurance companies are beginning to offer variable annuities, which have the avowed purpose of combatting the effects of inflation. Mutual funds have been established for growth, and some have even been designed to avoid the production of current income. Neither of these media offers the advantages of trust investments, but both of our competitors are alert to prevailing problems.

We should never forget that we have to sell our trust services. We have no monopoly on the management of wealth, and our product may become uncompetitive and some day unsalable. If we do not do something to rid ourselves of our hobbies and our handicaps, others may offer something better than our kind of underprivileged prudence.

Our problem cannot be solved by attempting to obtain special privileges for corporate trustees. This would be grossly unfair to the many highly qualified in-

dividuals of all kinds. Many law firms, for example, are staffed and equipped to do an excellent job in investments. It is, of course, not feasible for banks and trust companies to have a law to themselves.

Unlimited Discretion for Qualified Trustees

What we must do is separate the beginners from the experts, the incompetent from the competent, the unqualified from the qualified trustees. It would be entirely logical to insist that a man, or a bank, be capable of assuming responsibility for a trust before being granted unlimited discretion in the conduct of its affairs.

The requirement that trustees be qualified would not be unprecedented, but actually in keeping with what we have always done in this country whenever the public welfare was involved. Doctors must attend medical school and serve a period of internship. Lawyers must attend law school and pass bar examinations. Certified public accountants have been thoroughly tested before gaining the coveted title of CPA. Even a plumber must be qualified to work on the sanitary system in your home. Surely trustees have as much influence over the well-being of their customers, and as much opportunity for good or terrible harm, as these other men who have been so wisely qualified for their work.

If a trustee were to qualify for the responsibilities he assumes, he would have to have a basic understanding of investments, a working knowledge of taxes, and some continuing source of information on these subjects. To meet these standards, he would not have to be an expert by any means, but have only a basic knowledge and a minimum flow of information. This is not a novel suggestion, for it is far less than we demand of others who are responsible for the health and welfare of the public.

I have no thought that a testator should be prevented from naming an unqualified trustee. He would have a way of knowing whether or not his trustee was qualified, however; and he would know that the discretion allowed an unqualified trustee was limited.

No Monopoly for Banks and Trust Companies

I know that it will be charged that this is merely a way to obtain the whole trust field for banks and trust companies to the exclusion of individuals. That is by no means the true intent of my proposal. This proposal would be unattainable, and politically unthinkable, if it appeared to be an effort by banks and trust companies to monopolize the trust field. To assure the authorities of our good intentions, we must add this provision: that trust powers should be withheld from any bank which was unable to qualify at least one of its trustmen.

How this would affect the banks in the trust field I do not know, for it would depend upon the standards which were agreed upon for qualification. However, I do believe, in the light of studies made in New York State in anticipation of Bank Fiduciary Fund, that there is a minimum level of ability below which a bank should not exercise trust powers. Only if we qualify ourselves, while others must be qualified, will this long-awaited freedom be attainable.

Let me summarize briefly the points I have made. Even the Prudent-Man law leaves trustees in most jurisdictions exercising only a substandard form of underprivileged prudence. We are hesitant to take businesslike action to avoid the payment of taxes, and we question our duty to offset the effects of inflation. Even in such matters as diversification and the selection of equities, we offer our trusts something less than our best.

The reason why legislators and surrogates permit us only limited discretion in these matters is that they are mindful of the fact that trustees are a heterogeneous group, some veterans and some beginners, some competent and some incompetent, some qualified and some unqualified. The pace we are required to set is that of the slowest trustee in the group.

I suggest that we must have a means by which trustees, whether they be corporate or individual, may be required to establish their right to full descretion. We have long since crossed this bridge in other professions concerned with the public welfare, such as doctors, lawyers, and certified public accountants.

I propose that we should establish the title of "Qualified Trustee." This would be a joint undertaking by legislators, bar associations, and corporate fiduciaries. I do not underestimate the size of the task. However, anything which is fundamentally sound and urgently needed will inevitably be done, and there is an element of inevitability in this change in the rules of the game.

Having accomplished this, it would at last be feasible to ask for legislation giving greater freedom to Qualified Trustees and relief from the legal handicaps which have accumulated in the past. I believe that in future accountings, the courts would allow greater latitude to Qualified Trustees, for they would know that they were not setting dangerous precedents for the unqualified and the incompetent. Until we achieve this goal, the financial management we give our trusts will be something less than the best of which we are capable.

As matters now stand, our investment product is condemned to mediocrity, because our best effort calls for more skill and more experience than a novice trustee can muster. This fundamental weakness in the trust field will persist, until trustees are required to prepare themselves and qualify themselves for the responsibilities they assume.

In the meanwhile, we shall gain little by amending the law, and by attaining over the years a bit more latitude in the narrow area of discretion allowed us. There is a better course available. We need not be content to play the game forever under a set of rules whereby uninhibited prudence, modern prudence, farsighted prudence will still be prosecuted.

*An address by Mr. Buek before the 41st Mid-Winter Trust Conference sponsored by the Trust Division of the American Bankers Association, New York City, Feb. 8, 1960.

To Be Schwerin Partner

GREAT NECK, N. Y. — On March 1st Donald D. Jacobson will be admitted to partnership in F. W. Schwerin & Co., 1 Great Neck Road, members of the New York Stock Exchange.

E. M. Adams Branch

SALEM, Oreg.—E. M. Adams & Co. has opened a branch office in the Livesley Building under the management of George P. LaBorde.

New Copley Branch

GRAND JUNCTION, Colo.—Copley and Company has opened a branch office at 518 Main Street under the management of Don E. Hoffman.

F. I. duPont Appoints

MINNEAPOLIS, Minn. — Harry G. Edelstein has been appointed Assistant Manager of the Minneapolis office of Francis I. duPont & Co., Foshay Tower, it was announced by Todd W. Lewis, Manager of the firm's Minneapolis office.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Insurance Stocks

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

The progress of this long established and leading multiple line underwriter during 1959 can be considered satisfactory relative to other fire-casualty operators. Management has been active in realigning its operations to offset the threat of possible deterioration of its business had the company ignored the changing nature of the insurance industry.

The St. Paul-Western Insurance Companies presently consist of St. Paul Fire and Marine Co., St. Paul Mercury Insurance Co. (wholly owned and operated under a pooling plan with the former), 99% owned affiliate Western Life Insurance Co. and the 1960 acquisition, St. Paul Life & Casualty Co. The Home Office building in downtown St. Paul presently is being enlarged in order to accommodate all activities of St. Paul Fire and Marine and its subsidiaries. The additions are scheduled for completion by the summer of 1961.

This need for closer operations necessitates moving the Western Life operations and key personnel from Helena, Mont. Incorporated in 1953, St. Paul Life & Casualty Co. was purchased as an adjunct to Western Life. The new life firm represents a small local company which writes ordinary life, 20-year life and 20-year endowment policies. Insurance in force was only $112,250 at the end of 1958. Western Life, acquired through an exchange of shares in 1957, continues its expansion in many states. Insurance in force rose 17% from a year ago to $486 million at the end of 1959. Despite heavy expansion costs, equity for Western Life added about $0.10 a share to St. Paul's total earnings, compared with $0.23 in 1958.

Another consolidation step for 1959 was the merging of the entire fire operation, the marine department and the multi-peril department into a new property insurance department. Also during the past several months the company announced its acquisitions of three general agencies located at Seattle and Portland, Kansas City, and Jacksonville, Fla. The company presently has over 100 offices throughout the United States and Canada for servicing some 12,000 general agents.

Production aids currently in operation include a Budget premium payment plan, which provides for direct billing and monthly payments; the Umbrella Plan, a program under which an assured can have all of his insurance—fire, casualty, life— in one package; and an "Easy Auto" plan, which provides renewals every six months. These aids facilitate the profitable use of electronic equipment as well as attracting business volume.

Selected Statistics—Growth and Underlying Control

Year—	Net Premiums Written	Net Premiums Earned	Admitted Assets	*Loss Ratio	†Expense Ratio	Profit Margins
1959	$161.2	$153.6	$355.4	59.1%	36.9%	4.1%
1958	149.1	143.0	320.3	59.7	37.5	2.8
1957	138.6	131.8	276.0	64.2	38.1	—2.3
1956	123.3	120.0	257.0	59.0	39.4	1.6
1955	115.3	112.0	244.7	55.9	38.8	5.4

*Losses incurred to premiums earned. †Expenses incurred to premiums written.

Notable fire-casualty underwriting gains were made during 1959 with admitted assets rising 11%, premiums written advancing 8.1% and premiums earned up 7.4%. Premiums written continue widely diversified with approximately 52% in fire or property lines and 44% in casualty lines; multiple lines account for the remainder.

Per Share Statistics

Year—	Approximate Price Range	Investment Income	Total Earnings	Dividends	Approximate Book Value
1959	61 - 52	$2.36	$3.46	$1.25	$48.00
1958	60 - 43	2.18	3.22	1.20	42.81
1957	58 - 38	2.02	1.47	1.08	34.67
1956	53 - 38	2.06	2.28	1.04	36.63
1955	57 - 44	1.95	2.71	0.93	35.36
1949	19 - 13	1.18	2.57	0.54	20.32

The company pursues a conservative investment policy with a heavy concentration in municipal bonds. A favorable interest pattern brought a 4.64% return from new purchases of municipals and an over-all yield of 4.20% on 1959 investments was obtained. Common stocks held at the end of 1959 had a market value of $122.3 million, compared with $109 million at year-end 1958, and constitute 39.1% of invested assets at satement value.

At the recent price of 54, the common stock of St. Paul Fire and Marine provides a yield of 2.4% on the present $1.30 annual dividend rate. Although the dividend payout is conservative, annual increments typify this insurance stock. At the end of 1959, 4,093,947 common shares were outstanding. A moderate increase in authorized shares is under consideration. The shares represent a high quality defensive investment as well as an equity with continued appreciation potential.

To Form Gray & Co.

As of March 3, Gray & Co., members of the New York Stock Exchange, will be formed with offices at 1 Wall Street, New York City. Partners will be Arthur Gray, Jr. and William X. Fleming, who will acquire a membership in the New York Stock Exchange.

Fifth Avenue Investors

Fifth Avenue Investors, Inc. is engaging in a securities business from offices at 15 Broad Street, New York City. Officers are Philip M. Zrike, Jr., President and Treasurer; Philip M. Zrike, Sr., Vice-President; and William D. O'Brien, Secretary.

Form Gerrold Inv.

MASSAPEQUA, N. Y. — William Slater is engaging in a securities business from offices at 273 Richmond Avenue under the firm name of The Gerrold Investment Co. of New York.

European Integration—1960

Continued from page 18

ate it. What perhaps should be said as a cautionary note is that there is a danger of exaggerating the extent of the split, since Europe-wide cooperation continues to be maintained in many fields and there is an obvious reluctance to take any step which might irretrievably block the way to a solution. In fact, the member countries of the new EFTA in this Convention Preamble cite as a reason for creating the Association "the promotion of closer economic co-operation between the Members of the Organization for European Economic Co-operation, including the Members of the European Economic Community."

Delphic Answer

In recent weeks there has been a great deal of talk about a "bridge" between the two groups. Personally I am inclined to accept an observation made by Professor Hallstein, the President of the Commission of the EEC, during the course of a recent interview as perhaps the best comment I have seen on the subject. After agreeing that there must be a satisfactory solution of the relations between the Community—as such — and "our European partners," Professor Hallstein remarked: "But as to the so-called bridge—if only I knew what it means. I am rather against words which distort things instead of clarifying them . . . Just before my recent visit to Greece, I was asked what I proposed as the solution of our problems in Europe. I promised my questioner that while in Greece I would put the problem to the Delphic Oracle. But I added that I knew in advance what the answer would be: 'Build a bridge.' Indeed, this phrase seems to me the perfect Delphic answer, in that everyone can interpret it as he chooses, but no two people are agreed on what it means."

The answer, the ultimate solution may lie, as Professor Hallstein went on to suggest, in seeing and discussing the whole problem in a wide context. A number of international leaders, including Sir Oliver Franks, have expressed themselves in somewhat similar fashion. It is, in a sense, the same approach as was taken last month in Paris by Under Secretary of State Dillon. You will recall that after warning that political and economic frictions within Europe might weaken the cohesion of the free world, he proposed that there be closer links between Western Europe and North America and an improvement in the machinery of international cooperation. Immediate reaction was generally favorable, and the program which he presented was adopted by the twenty governments participating in the meeting. There is every indication that the initiative taken by the United States, and especially its evident willingness to identify itself even more closely with Western Europe has been welcomed.

In many respects, however, the attitude which the United States has displayed toward the regional integration movement in Western Europe has been ambivalent, and at times even somewhat paradoxical. Some less charitably inclined have described our position as confused and vacillating. We have seemed to blow both hot and cold, embracing the idea with unrestrained enthusiasm at one moment, backing rapidly away at the next. This has been due in part at least to the uncertainties of the situation itself, since the views of the European countries have varied and it has never been too clear whether integration was oriented toward the restriction or the liberalization of trade with the outer world. Although the Commission of the Community has seemed to ally itself with those who believe that the Community should and can be expansive, liberalizing influence on trade, the uncertainties of direction are still unresolved.

With respect to EFTA, while the attitude of the United States may have been misunderstood or misinterpreted, the common impression has been that it was lukewarm toward the proposed Association and certainly far less sympathetic than toward the EEC. The usual explanation offered is that the advantages to be derived from the political unification which EEC would bring were considered to outweigh any potential adverse economic effects, whereas EFTA does not offer these offsetting advantages. It is also argued that EEC was formed before the United States became concerned about its balance of payments deficit, whereas it is now disturbed about any arrangement that might put U. S. exports at an increased tariff disadvantage compared with those of European competitors. Neither reason seems particularly strong or wholly consistent. The question which we might ask ourselves is what our attitude would have been had the EFTA preceded and not followed the establishment of the Community, or for that matter what it would have been had the original Free Trade Area proposal been accepted.

Speculates in Eventual Results

It is well nigh impossible to visualize at this stage what eventual outcome of the economic integration movement in Europe will be. As someone has expressed it: Only God knows and even He isn't too sure. Or as Dr. Erhardt observed, after acknowledging that with the removal of tariffs and the setting aside of quotas the pattern of production will undergo changes, "any forecast of a more exact kind would be so speculative as to be of most doubtful value." Perhaps about the best and most succinct comment on the whole problem of trying to get a clear or even only slightly cloudy picture of what might be involved by way of adjustments, changes, shifts and adverse or beneficial effects was lately made by the Special Study Group of the House Foreign Affairs Committee when it remarked: "All analyses resemble throwing darts in the dark at a moving target that has not been completed."

I have done my share of dart throwing elsewhere and will not put on a repeat performance here. In closing, therefore, I would only like to underline two fundamental points. First, there is an economic revolution of major proportions going on in Europe, of which the integration of markets is only a part. The tempo of this revolution may very well be accelerated this year and next, feeding in part on itself, being stimulated by its own achievements. As it proceeds major adjustments will be required in Europe as much, if not more than elsewhere. Some have felt the impact already; others have yet to feel it. But, and this is what I wish especially to emphasize, most of what is going on is in its basic essentials familiar to our experience.

The second, and final point is that Europe has been fond of reminding us that trade is a two-way street. Even now they are showing some signs of anxiety that in our concern over the deficit in our balance of payments we shall impose new restrictions on imports or tighten existing ones. I am sure that every foreign trader in this country has welcomed the widespread removal of quantitative barriers during the past year by European countries, and has at the same time observed that this action was long overdue. Further liberalization there is not only in order, but is essential. But beyond this we would, I think, all agree that preferential and discriminatory trading areas should have a regional base and not be extended to encompass countries or territories outside the region. We would also agree, I believe, with Under Secretary Dillon when only a month ago he cautioned the representatives of the Western European Governments: "It is clear that the development of United States commercial policy cannot be divorced from development in such an important area of world trade as Western Europe . . . The pursuit of a liberal commercial policy by the United States is essential to the functioning of an effective world trading system. United States commercial policy, however, is not formed in a vacuum. It can be kept liberal only insofar as other major trading countries also pursue liberal policies."

*An address by Mr. Heatherington before the New England Export Club, Boston, Mass., Feb. 11, 1960.

Butler, Herrick Open New Depts.

Butler, Herrick & Marshall, members of the New York Stock Exchange and Associate members of the American Stock Exchange, announced the formation of two new departments—corporate underwriting and municipal bonds.

These newly-created departments will be under the management of G. Lathrop Vermilye and Donald K. Stevenson, respectively, formerly of Vermilye Brothers which was dissolved as of February 29, 1960. Spencer V. Dole, also formerly with Vermilye Brothers, has joined Butler, Herrick & Marshall as a registered representative.

Butler, Herrick & Marshall, founded in 1898, has heretofore conducted a general brokerage business in listed and unlisted securities and mutual funds. It maintains a head office at 30 Broad Street, New York, and branch offices in Greenport, Patchogue, Riverhead and Westhampton Beach, N. Y.

Fundamental Securities

COLUMBIA, S. C.—Fundamental Securities, Inc. has been formed to conduct a securities business from offices at 1401 Hampton St. Officers are Paul S. Singletary, President; William S. Sylvan, Vice-President; William G. Wilson, Jr., Treasurer; and S. Holt Duncan, Secretary.

Form Goebel, Miller

LEHR, N. Dak. — Goebel, Miller and Vincent Investments Inc. has been formed to engage in a securities business. Officers are Harold J. Miller, President; Donald E. Vincent and Walter E. Goebel, Vice-Presidents; and Eldon E. Goebel, Secretary-Treasurer.

Form Samuel Gordon Ltd.

Samuel M. Gordon Ltd. has been formed with offices at 10 Park Avenue, New York City, to engage in a securities business. Officers are Samuel M. Gordon President; and Jeanne Schweizer, Secretary. Mr. Gordon was formerly with Ira Haupt & Co. and Carreau & Co.

D. R. Henderson Opens

POMONA, Calif. — Dean R. Henderson is conducting a securities business from offices at 1489 Vejar Street under the firm name of D. R. Henderson Co.

Eppler, Guerin Officer

DALLAS, Texas — Gordon O. Quackenbos has been appointed Assistant Secretary of Eppler, Guerin & Turner, Inc., Union Life Building, members of the New York Stock Exchange.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

A Good Customer Can Be a Better One

There is always an opportunity for an alert salesman to step out of the crowd and make an impression that is favorable. All it takes is some effort and a bit of constructive thinking. Commissions are regulated, and the same rate applies to all on listed transactions, but there is sometimes a plus that you can offer your better clients that your competitors cannot match. An investor buys more than a service when he pays a commission — providing you give him some personal interest and helpful advice that will improve his results.

The Competitive Account

In every community there are some large traders and speculators, also some investors, who have accounts in several brokerage firms. If you are half-way qualified and can handle your end of it there are opportunities for obtaining some of this business. But sometimes if you push yourself a bit you can merit a larger portion of the account than that which goes to the other fellow.

I have a customer who trades bonds in amounts from $50,000 up to several hundred thousand lots. When he buys or sells he trades close. He knows markets and he checks. He has accounts in a number of firms and, next to breathing and eating, his main passion in life is buying and selling securities. And despite the work entailed the business is profitable.

Several weeks ago I telephoned him and sold him 50 bonds at a price of 95. The next day he called me and told me that he had just been offered 10 bonds at 94. You can see that this fellow could get your gall bladder upset if you let him but I told him that today was today and yesterday was yesterday. (As if he didn't know it.) Then I reminded him that he bought 50 bonds net and not 10. Also, I questioned whether or not the offering of 10 bonds was firm and reminded him that he would also be charged a commission by the competitive broker, which he admitted. After a few minutes of this sort of thing we parted as good friends as possible. He had the bonds, I had my pink pills and all was well.

Should He Buy Or Sell

Several days ago he called me again. Said he, "You know that I hold $250,000 of a certain railroad bond that is in default. My quandary is this, I can use some tax losses this year. Should I sell bonds now and hope to buy them back again later or should I buy more now and sell later? Tell you what I'd like to do. Get me the market after the close, over-the-counter, and get me the size, then I'll try and decide whether to buy or sell." "So far so good," said I, "but how about my trying to get you some information that can add to what you have on this?" He agreed.

I went over to my trading department and spoke with my head trader and he immediately grasped the situation. He remembered that he had a good friend with a competitive firm that had followed this railroad very closely and he kindly offered to see what this man knew. He also got in touch with one of the large railroad bond specialist firms where my firm has good connections. As a result, we came up with some very pertinent information, which I relayed to my customer.

He was very grateful and impressed. In addition, I promised to try and obtain some other very pertinent data that was missing from this jig-saw and if we had it this would almost clinch the decision to buy more bonds now rather than to sell. The order had been delayed pending receipt of this information and the way it looks we should have it before this column goes to press.

What He Heard From Yours Truly

This man is now receiving the type of service that I feel certain he has not obtained very often from other brokers who have handled his account. Remember if you are working out of New York or Chicago and you have some accounts that are real pros it doesn't hurt to pick up the telephone once in a while and use some contacts if you have them. I told him I was glad to give him this kind of service; that I never wanted him to buy or sell any securities unless he had reason to believe that he was making the right move; and I also told him that when I make him a price on a block of bonds that it is fair and reasonable and in line with the market.

But one thing should not be forgotten and that was that "a good horse is worth its hire." He said, "What do you mean?" I reminded him that several weeks ago I sold him 50 bonds and he questioned the price. He made me a fair profit on the securities he bought from my firm but that commission also paid for the overhead and the service he was receiving. Through the possession of information that could assist him in making profitable investment decisions he could pay himself many times the small profit we make on our principal trades and the commissions we charge.

I told him I would never overcharge him, but that his account must be profitable to me and, if it was, I would give him service that was as good or better than he could get anywhere, or I would tell him I didn't want the business. We'll see what he does now. If he doesn't become a profitable account I've done all I could. Some people are congenital takers and users; don't waste your time and good contacts on them. But if you have an opportunity to step out of the crowd and the prize is worth the trying —go all out.

P. S.—Don't overlook the men in your trading department, cashiering, and research who can help you with their counsel, contacts, and advice. I go to lunch regularly with these men. I listen to them and when they know the score I respect them. The only man who ever accomplished anything worthwhile without the help of others hasn't been born yet.

Stone & Webster Officers

Stone & Webster Securities Corporation, 90 Broad Street, New York City, has appointed Lincoln R. Goward, Assistant Vice-President; Edwin C. Riekert and Joel A. Skidmore, Assistant Secretaries; and Truman G. Oakley, Assistant Treasurer.

With Bosworth, Sullivan

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Margaret Denny has become associated with Bosworth, Sullivan & Company, Inc., 660 17th Street, members of the New York and Midwest Stock Exchanges. Miss Denny was formerly a professor at the University of Rochester.

The Security I Like Best . . .

Continued from page 2

lishments such as banks now have eating places for their employees. Done originally with coffee and soft drinks, this is being expanded to vend such other foods as sandwiches, soups, desserts, and ice cream. This is especially adaptable for schools.

The stocks of most vending machine companies have had sharp rises in the past year and it would appear that this may be an opportune time to examine one of the lesser known companies whose securities have not yet been given public recognition of the potential growth existing in the vending field.

Victor Products Corporation common stock appears to be an interesting low priced speculation, offering an opportunity for possible future enhancement in value, due to its own growing and changing position in the fast growing vending machine production industry.

The company, incorporated in Maryland in 1928, has been manufacturing principally commercial refrigeration including home freezers, beverage coolers and vending machines. Two plants are owned, two more are leased. From 1946 through 1953 Victor reported a total net profit of approximately $3,646,000 but from 1954 through 1958 a net loss totaling approximately $750,000 was incurred with sales dropping from $8,400,000 in 1953 to $3,830,000 in 1958. This poor showing was due mainly to loss of contracts for manufacturing freezers for General Electric, Norge, and Frigidaire because these companies started manufacturing on their own. Another adverse contributing factor is the company's policy of charging off all engineering expenses rather than capitalizing them, a conservative accounting practice.

Beginning with 1959 the fortunes of the company appear to have turned as shown in the following comparative figures for 1959 vs. 1958.

	Net Sales	Net Income	Per Share Earnings
Six Months Ended:			
June 30, 1959	$2,612,000	$122,000	$0.17
June 30, 1958	1,768,300	—134,200	—0.19
Nine Months Ended:			
Sept. 30, 1959	4,162,100	225,800	0.31
Sept. 30, 1958	2,984,100	—109,800	—0.16

In 1959 no provision was made for payment of Federal Income Tax since there is a tax carry-over loss of about $350,000. The first nine months increase in net sales of about 40% over the similar period in 1958 is impressive. For all of 1959 earnings are estimated in the neighborhood of 35¢ a share. Thus far in 1960 indications are that sales and earnings are ahead of the same period of 1959.

On July 10th and October 10th, 1959 and February 10th, 1960 Victor paid a dividend of 5¢ per share. Should profits be maintained, the company hopes to continue 5¢ quarterly as a standard dividend payment.

Currently in excess of 50% of total sales are being made to the vending industry. Victor has begun to manufacture a fully diversified line of coin automatic vending and manual dispensing machines. At present the company believes it is one of the leading manufacturers of cup pre-mix soft drink vending machines for Pepsi Cola, Dr. Pepper, Seven Up and Royal Crown.

Soft drink bottlers prefer the use of pre-mix because the quality of the drink is set at the bottling plant. However, since the first machines used bottles and because of breakage and loss, vendors became interested in cup machines. The first cup models were post-mix machines (that is the drink is mixed in the machine as it is dispensed) and vending machine operators have been slow to adopt pre-mix machines until their inventory of the older machines becomes obsolete. It is believed in the future that the use of cup pre-mix machines will surpass bottles and post mix. Victor has started to boost its output of pre-mix machines and the new slim line model has met an excellent reception.

In November 1959 Victor purchased the Hard Lynnwodd Co., a manufacturer of milk and milk shake equipment. These machines will be remodeled shortly and be introduced to the market.

Two new products are expected to be available early in 1960. First, a coffee machine with accessories that will dispense freshly brewed coffee with a selection of fresh or powdered cream, liquid or granulated sugar. This machine will also dispense white milk and chocolate milk as well as fruit juice. Secondly, there is the bottle vending machine having four selections of 100 bottles each. In the past few months Victor has brought out a popcorn popper and snack bar machine.

Expansion of volume of sales could easily be handled by the present four plants, as they supposedly have a capacity of approximately $25,000,000.

Past record of the company has been drab; however, the successful speculator looks to the future, not to the past. Victor has the engineering and plant requirements, adequate financial strength, and basically the vending machine industry has shown consistent growth. In the final analysis, future sales and profits will depend on management. In this respect, it is interesting to note that the Chairman of the Board of Directors and family own in excess of 435,000 shares of common, representing about 60% of the outstanding stock. The shares, traded in the Over-the-Counter Market, are currently priced around 3½.

Su-Mark Boats, Inc. Com. Stk. Offered

Street & Co., Inc. and A. J. Frederick Co., Inc., on Feb. 23 publicly offered 87,500 shares of Su-Mark Boats, Inc. common stock (no par) at $2 per share.

Of the net proceeds, approximately $75,000 will be used to satisfy the company's bank indebtedness, of which $15,000 was outstanding in Oct. 31, 1959, and the balance was incurred thereafter and used primarily for off-season inventory build up; $13,500 to acquire equipment and tools, including spraying equipment, handling equipment, power tools and a compression molding press; $15,000 for research and development necessary to build the company's first 30 foot power boat, its new sailboat, its 6 foot tender and to make design changes in its present products; the balance of approximately $25,750 will be used to purchase raw materials, increase inventories of finished boats and to permit the initiation of dealer financing on a limited basis.

Growth for Investors

(Special to The Financial Chronicle)

CHICAGO, Ill.—Growth for Investors Corporation has been formed with offices at 11 South La Salle Street to engage in a securities business. Officers are Millard L. Stein, President and Treasurer; and Stanton Schuman, Secretary.

Cruttenden, Podesta Heads Culligan Group

An underwriting group headed by Cruttenden, Podesta & Co. offered publicly on Mar. 2, 135,500 shares of common stock, $1 par value, of Culligan, Inc., at a price of $14 a share.

Of the shares offered, 71,500 are being sold by the company and 64,000 shares by certain stockholders. Proceeds to the company will be applied to erecting and equipping a plant addition at Northbrook, Ill., for expansion of dealer financing activities and for general corporate purposes.

Culligan, Inc. is one of the major manufacturers and distributors of water conditioning equipment and supplies in the United States.

Giving effect to the current financing, capitalization of the company will be as follows: 6% first mortgage note, $900,000; noninterest bearing instalment notes, $527,917; 4%-6% chattel mortgage notes, $553,431; miscellaneous equipment purchase obligations, $125,000; dealers-deposits, $736,180; common stock, $1 par value, 135,500 shares, and class B common stock, $1 par value, 445,460 shares.

Earnings after taxes in the six months ended Oct. 31, 1960, were $289,969, equal to 57 cents per share on 509,460 common and class B shares outstanding at February 29, 1960.

Aberdeen Inv. Training Series

Donald S. Kennedy, President of Aberdeen Investor Programs, Inc., announces a series of Aberdeen Investment Seminars for the training of mutual fund dealers, managers and salesmen to be held at the company's offices, 15 Wililam Street, New York.

While the course will open with a review of the purposes and objectives of mutual fund investing, the latter sessions will concentrate on contractual plans, which recently have come to the fore as an investment vehicle for systematic monthly savings.

For the convenience of students in the New York metropolitan area, classes will be held in the evenings from 7 to 9 p.m. on Tuesdays and Thursdays of the second and third weeks of each month.

Out-of-town dealers and salesmen can take the intensive training course from 10 a.m. to 4 p.m. on Tuesdays and Wednesdays of the second week of each month, covering the same curriculum as the night course.

Later, an advanced course will be offered for the study of estate planning, pension trusts and profit sharing plans when combined with the contractual system of monthly investment.

Comex Elects Six

The Board of Governors of Commodity Exchange, Inc., has announced the election of six new members.

Elected were: Norman Badenhop, Vice-President, Robert Badenhop Corp.; Gerhard Bruck, Executive Vice-President, Grillo Trading Corp.; Ira Haupt, senior partner, Ira Haupt & Co.; William C. McKinney, Vice-President, Winslow, Cohu & Stetson, Inc.; Pierre E. A. Moxhet, Vice-President, Credito Bursatil S. A. (Mexico); and Herzl Rosenson, Commodity Trader.

Commodity Exchange, Inc. is the marketplace for futures trading in copper, lead, zinc, hides and rubber.

A. P. Levine Opens

LYNBROOK, N. Y.—Abraham P. Levine is engaging in a securities business from offices at 2 Lakeview Avenue.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Rochester Gas & Electric Company

Rochester G. & E., which emerged from holding company control in 1949, supplies electricity, gas and steam to the City of Rochester. The company's territory also extends about 70 miles along the south side of Lake Ontario and up the Genesee River to the Pennsylvania border — it thus serves 2 cities, 69 towns, 8 counties and 176 villages and hamlets, with a total population of almost 700,000 people. The area served covers 2,310 square miles and consists of 4 main operating districts.

The metropolitan Rochester area is among the nation's important manufacturing centers, ranking sixth among the 57 leading metropolitan areas in percent of working force employed by manufacturing industries, and first in New York State. Many of Rochester's industrial concerns, such as Eastman Kodak, enjoy a worldwide reputation and are leaders in their respective fields. These include electronics, photographic supplies, optical goods, precision instruments, machine tools, electrical equipment, quality clothes, food and many other products. During the past ten years, 177 new industries began operations in Rochester and 362 existing industries made major additions to their plants.

About 58% of 1959 revenues was derived from electricity, 36% from natural and mixed gas, and 6% from steam. Electric revenues were 43% residential, 27% commercial and 21% industrial. In 1949 the company's gas territory covered about 550 square miles, but as the area around Rochester became more densely settled, it has been possible to substantially increase the gas territory, so that it now covers over 970 square miles.

The company has shown good growth. In the decade ended with 1959, revenues and net income increased 141% and 254%, respectively, which record compares favorably with that of the industry. Electric revenues in 1959 were over 2.2 times the amount in 1949, and the management estimates that by 1969 they will be 1.8 times the 1959 figure. Gas revenues are now 2.8 times that reported ten years earlier, and the company's estimate for 1969 is 1.8 times the 1959 amount.

Stockholders who held the stock a decade ago have done quite well. The original investment by holders of common stock in 1949 was $23,797,000, and five subsequent rights offerings added $34,350,000, making a total common stock investment of $58,147,000. In the period from the end of 1949 to the end of 1959, holders of common stock have received dividends of slightly over $30,000,000. At Dec. 31, 1959, the indicated market value of the common stock was over $127,400,000.

The company has ample generating capacity. Including a new 83,500 kw. unit installed last September, it has total dependable capacity of 496,300 kw. compared with the winter peakload in January, 1959, of 366,590 kw. Regarding its gas business, the company buys most of its requirements from New York State Natural Gas Corp. (subsidiary of Consolidated Natural Gas) under contract.

Capital ratios are approximately as follows: debt 47%, preferred stock 17% and common stock equity 36%. Sale of 280,000 common shares and $12,000,000 bonds in 1959 provided funds to finance construction and repay short-term obligations. While some $26,500,000 additional financing may be required to complete the 1959-60 construction program estimated at $47,500,000, no equity financing is expected over the next several years.

The company's share earnings, while somewhat erratic, have shown a fair rate of growth, increasing from $1.52 in 1949 (when the stock was distributed) to $2.20 in 1953 after which there was little net change through 1957. In 1958-59, with the aid of rate increases, earnings increased to $2.92; and when the state commission expressed itself in favor of "flow-through" of tax savings for rate purposes, Rochester along with some other New York utilities adopted this accounting method, with the result that 1959 share earnings were increased to $3.32.

Last year the New York Legislature passed a law permitting utility companies in the state to pay stock dividends, if they are approved by the state commission. Rochester G. & E. then decided to pay out nearly all of its earnings—the same policy as Commonwealth Edison and a few other utilities are following—by quarterly cash dividends plus an annual stock distribution. Last year the regular $1.80 cash dividend was supplemented by a 3% stock dividend. At the recent price around 44½, and assuming a similar stock dividend around the end of 1960, those who cash the stock dividend would receive a total return of over 7% —slightly over 4% from the cash dividends and 3% from the stock.

According to President Howe, "The company has required large and frequent issues of rights during the last ten years in connection with the sale of additional common stock to stockholders to help in the financing of its increasing construction. It is believed that the new stock dividend policy should reduce the amount and frequency of rights offerings in the future. The stock dividend will be received by stockholders as a tax-free distribution; whereas, if handled as an additional cash distribution followed by an issue through rights, the stockholders would be taxed at their full rates on the added cash dividend income. Thus, it is believed that the plan should provide substantial benefit to stockholders as well as being helpful in financing the growth of the company."

At the recent price around 44½ the stock is selling at about 13.4 times the earnings as reported with "flow-through," or about 15.2 times earnings if tax savings were normalized.

Gottsacker Investment

SHEBOYGAN, Wis. — The firm name of Sheboygan Investment Co., Inc., Securities National Bank Building, has been changed to Gottsacker Investment Co., Inc.

La Hue Inv. Co. Branch

DENVER, Colo.—La Hue Investment Company, Inc. has opened a branch office at 818 Seventeenth Street under the management of Warren F. Vollhaber.

Securities Service Branch

SEATTLE, Wash. — Securities Service, Inc. has opened a branch office at 1505 Broadway under the management of John Tenneson, Jr.

Somers, Schafer & Collins

Effective March 1 the firm name of Somers, Schafer & Co., 120 Broadway, New York City, members of the New York Stock Exchange, will be changed to Somers, Schafer & Collins.

Financing Corporate Growth

Continued from page 4

a decision to perhaps 1.2 million this year, at least partially the result of tight money. Net new construction for the year may advance, nevertheless, giving effect to industrial, commercial, and public outlays. The American competitive position in the world market is less than reassuring with our loss of gold conceivably less fundamental than the threat of our being underpriced. On balance, growth of business dollar investment is anticipated in the near term, but the dynamics of a free-enterprise economy underscore the persistence of risk as a complementary adjunct of our progress.

Source of Corporate Funds

The sources of enterprise capital have been identified as those on the credit side of the balance sheet. Thus, they are divided into owners' and creditors' commitments. Only by increasing these sources in the aggregate can business enterprise expand or grow in a dollar sense. The statistical data are convincing that American business has grown tremendously in dollar resources since 1945. These data, provided by the Office of Business Economics of the Department of Commerce from SEC and FTC reports, show an aggregate of $431.2 billion of funds obtained and used by American business corporations in the years 1946-58. The uses and sources of these funds are summarized below.

The data show that over this 13-year period nearly two-thirds of corporate funds obtained have been applied to plant and equipment with about 12% applied to inventories and 17% to receivables. The seemingly high proportion of funds committed to receivables reflects the tendency of corporations, especially in recent years, to extend significant amounts of credit to non-corporate customers. In contrast with over

Postwar Capital Financing of Business Corporations, Excluding Bank and Insurance Companies, in U. S. (Estimated) Uses and Sources of Corporate Funds, Billions of Dollars*

Uses:	1946-58	1954	1955	1957	1958	1st 6 Mos. 1959
Plant and Equipment	285.0	22.4	24.2	32.7	26.4	12.7
Inventories	52.6	—1.6	6.7	2.7	—4.4	4.1
Receivables	71.4	2.2	11.9	3.3	2.7	5.3
Cash & U. S. Govt. Sec.	11.9	--	5.0	—1.9	3.4	0.4
Other Assets	10.3	0.8	2.8	1.1	1.7	2.2
Total Uses	431.2	23.8	50.6	37.9	29.8	24.7
Sources:						
Internal—						
Retained Profits	120.0	6.3	10.9	9.0	6.0	5.8
Depreciation	146.5	13.5	15.7	18.7	19.6	10.2
Total	266.5	19.8	26.6	27.7	25.6	16.0
External Long-Term—						
Stocks	30.2	2.1	2.7	3.5	3.5	2.1
Bonds	53.1	3.8	4.2	7.0	6.0	1.9
Other Debt	16.5	0.5	1.7	1.4	1.3	0.7
Total	99.8	6.4	8.6	11.9	10.8	4.7
Short-Term—						
Bank Loans	12.5	—1.1	3.7	0.3	—2.4	1.1
Trade Payables	32.5	—0.2	5.5	—0.7	—1.4	2.0
Federal Tax Liability	2.9	—3.1	3.8	—1.9	—2.5	0.5
Other	19.8	0.4	2.1	2.2	0.1	1.9
Total	67.7	—4.0	15.1	—0.1	—6.2	5.5
Discrepancy	—2.8	1.6	0.3	—1.6	—0.4	—1.5
Total Sources	431.2	23.8	50.6	37.9	29.8	24.7

*Data primarily from SURVEY OF CURRENT BUSINESS, October, 1958, October, 1959. See Herman I. Liebling, "Financing Business in Recession and Expansion," SURVEY OF CURRENT BUSINESS, October, 1958, pp. 15-20, and Berdj Kenadjian and Gardner F. Derrickson, "Business Financing in 1959," SURVEY OF CURRENT BUSINESS, October, 1959, pp. 11-15, 20.

Postwar Capital Financing of Business Corporations, Excluding Banks and Insurance Companies, in U. S. (Estimated) Uses and Sources of Corporate Funds, Percentages*

Uses:	1946-58	1st 6 Months 1959
Plant and Equipment	66.1%	51.4%
Inventories	12.2	16.6
Receivables	16.6	21.5
Cash and U. S. Government Securities	2.7	1.6
Other Assets	2.4	8.9
Total Uses	100.0%	100.0%
Sources:		
Internal—		
Retained Profits	27.6	22.2
Depreciation	33.8	38.9
Total	61.4%	61.1%
External Long-Term—		
Stocks	7.0	8.0
Bonds	12.2	7.2
Other Debt	3.8	2.7
Total	23.0%	17.9%
Short-Term—		
Bank Loans	2.9	4.2
Trade Payables	7.5	7.6
Federal Tax Liability	0.7	1.9
Other	4.5	7.3
Total	15.6%	21.0%
Total Sources	100.0%	100.0%

*Data primarily from SURVEY OF CURRENT BUSINESS, October, 1958, October, 1959.

$50 billion of funds obtained and utilized in the prosperous year 1955, the comparable aggregates in the recessions of 1954 and 1958 were approximately $24 billion and $30 billion respectively. Dependable data are not available as yet for the full year 1959 although they are for its first half. In that half year of sharp recovery corporations obtained nearly $25 billion of funds, and applied over half of this amount to fixed properties, about one-sixth to inventories, and over one-fifth to receivables.

Internal Sources

What were the sources of the funds utilized? The record is clear that the bulk of the corporate funds was generated by the two primary internal sources, (1) recovery of depreciation and (2) retention of earnings. These sources account over the 1946-58 period for 61.4%, and for the first half of 1959 for 61.1%, of corporate funds acquired. The division of the internal sources between depreciation and retained earnings is significant. In each year from 1946 through 1951, retention of earnings provided more dollar funds for business corporations than did depreciation recoveries. Indeed, in 1948 retained earnings accounted for $12.6 billion of such funds and more than double the amount attributable to depreciation. In contrast, in each year since 1951 depreciation recoveries have exceeded earnings retention, and in 1958 aggregated $19.6 billion, more than three times the income retained in that recession year. Two factors underlie the rising role of depreciation as a source of corporate funds. The first, and probably the more fundamental of these, is economic. In the postwar years, as already stated, about two-thirds of acquired corporate funds have been applied to plant and equipment outlays, reflecting extension of fixed facilities and innovation in productive techniques. Thus, the base for depreciation charges has been expanded heavily.

The second factor centers about statutory provisions for more rapid amortization of fixed properties. The Internal Revenue Act of 1950 permitted write-off over five years of facilities essential to the defense effort. Some $23 billion of assets were qualified under this measure. The effect of this Act is tapering off rapidly since the last certifications under it were in 1955. Under the Internal Revenue Code of 1954, however, corporations were permitted alternatives to the standard "straight-line" depreciation method by way of the "declining balance" and "sum-of-the-years-digits" methods. The new provisions allow write-off of about two thirds of the price cost of an acquisition over the first half of its life, and the more rapid amortizations have been adopted on a rising scale.

Confusing Depreciation With Expansion

Attention must be directed, however, to the danger of confusing depreciation recovery with business expansion—it is not that. Depreciation is an expense measuring expiration of cost value of fixed property. This property loses value as the depreciation expense enters into operating cost. If the firm is successful, the depreciation expense, like other expenses, will be recovered in sales or revenues. When sales are made, or revenues received, the current assets, in the form of receivables or cash, increase. In this view of the successful going enterprise depreciation is recovered through sales, and thus the current assets are increased as the fixed assets shrink in value through amortization. The recovered depreciation becomes available, of course, for fixed capital restoration. In this sense of depreciation recovery, it is a source of funds, but it adds no additional dollars to the resources of the enterprise. The depreciation process facilitates retention of an original dollar investment in facilities; it does not augment or expand such investment. Thus, while depreciation is widely accepted as a source of funds, it should not be mistaken as a source of business growth.

Of course, a price pendulum swinging on an inflationary bias has blurred the delineation of depreciation and profits in the postwar years. The Machinery and Allied Products Institute has estimated that accelerated depreciation under the 1950 and 1954 Acts has understated reported earnings by an annual average of $2.3 billion since 1950, but that inflation has induced an overstatement of reported net income by an annual average of $6 billion. Inflation has augmented the replacement cost of fixed capital while depreciation charges, under conventional tenets of accounting and under the tax law, have been based on historical cost. Consequently, dollar profits as reported have included consistently through the postwar years a substantial component of economic cost in the form of the excess of depreciation on replacement over depreciation on historical cost.

Inflation also has created replacement cost of inventories in excess of actual price cost. Since under accounting reporting methods full reflection of replacement cost is not provided, distorted inventory valuation under inflation has contributed to dollar profits reported in excess of basic real, or economic, income.

Divergence Between Accounting and Economic Costs

The focal point of the problem is in the divergence between accounting and economic income. The former is **retrospective** in view, and is premised on historical, actual, dollar transactions. In contrast, economic income is **prospective** in view, and does not emerge until replacement of all capital, fixed and current, is provided.

Admittedly, then, the dollar data as to depreciation recoveries and earnings retention are not precise barometers of economic behavior. Under the impact of inflation, accounting net incomes have tended to contain a sizable component of economic cost through the postwar years. On the other hand, above and beyond the insidious discolorations of monetary instability, capital replacement, with additional profit margins to induce growth, has been accomplished by corporate management. Profitability—or productivity—remains the central objective in the financial management of business enterprise. Only as capital generates its own replacement with an adequate yield to compensate the contributors can its employment in enterprise be sustained. Its expansion, and thus the growth of enterprise, is vitally dependent then on profitability that will attract savings in the form of capital commitments.

How does profitability of the '50s, after adjustment for inflationary distortion, compare with that of the '20s? The Machinery and Allied Products Institute has estimated that pre-tax adjusted corporate earnings averaged 21% of revenues (or sales) and 11% of net worth during the '50s in comparison with 19% of revenues and 7% of net worth in the years 1923-29. The Institute estimated after-tax average corporate earnings, as adjusted, at 10% of revenues and 5% of net worth in the '50s compared with 16% of revenues and 5% of net worth in the '20s. Accordingly, the after-tax earnings yield on proprietary investment in the past decade kept pace with that in the 1920's even though the return on sales declined. The explanation here is that capital turnover—sales in relation to capital investment—has increased. The output-capital ratio, in other words, has improved.

External Long-Term Sources

Over the 13-year period, 1946-58, business corporations obtained a little less than one-fourth of their capital funds from external long-term sources, i.e., by the sale of stocks, bonds, and other obligations with maturities of more than one year. In each of these years creditor obligations, principally bonds, surpassed stocks as sources of funds. Over the entire period long-term fixed obligations provided more than double the dollar corporate resources obtained by stock sales. The preponderance of debt over stock issues is even more marked when considered on the basis of new securities offered for cash. Generally through the postwar years corporate bond and note offerings have ranged from three to four times the stock offerings for cash. SEC data released last week show that in 1959 stock offerings, primarily in common equities, aggregated about 26% of the $9.5 billion of securities sold for cash. This disposition toward bond rather than stock financing was more readily rationalized in the 1947-53 period of so-called scarcity of equity capital, when bond prices were strong and common stock prices, in relation to earnings, were singularly week.

Why Bond Financing Continues

In recent years, however, the pricing relationships in the capital markets have changed significantly. Standard and Poor's Corporation shows that from September, 1953, to January, 1960, industrial common stock dividend yields declined from 6.20 to 3.05%, high grade bond yields advanced from 3.26 to 4.61%, and price-earnings ratios of industrial common shares increased from 8.6 to 18.1. Since these developments would seem to favor stock over bond financing, they compel further search to explain the continued preference for bonds. Deductibility of interest for Federal tax purposes looms as a primary factor supporting the choice of debt rather than equity securities. The force of rising interest rates as a deterrent to borrowing is mitigated by tax economies which have the effect of cutting by about half the contractual interest coupon. Moreover, problems of dilution of income and control are minimized by debt financing, and for many successful enterprises these problems may be paramount.

Why Bonds Have Not Upset Capital Structure

Does a three-to-one ratio of bond to stock offerings for cash imply that American corporate enterprise is moving headlong into excessive debt? The facts show that retained earnings in themselves have exceeded in dollar amount the net increase in long-term fixed debt in every postwar year except 1958. Retention of earnings has augmented corporate proprietary equities, and thus has extended the buffer, or margin, of ownership protecting the senior claims. Moreover, the statistics of new issues for cash do not give effect to corporate retirements of debt. When bonds are retired from the proceeds of stock sales or earnings retention, the protective margins are enhanced both through reduction of debt and the build-up of stock equities. As a case in point, the fixed debt of the Illinois Central Railroad was reduced from $385 to $193 million from 1932 through the end of 1954, a contraction of some 50%, while annual fixed charges of the road dropped from $18 to $8 million, a shrinkage of about 55%. The con-

traction of debt was accomplished largely by application to redemption of the proceeds of new retained earnings. During the same period the annual coverage of fixed financial charges in available net earnings moved from 80 to 375%.

Also of particular significance in offsetting any drift toward over-borrowing by the excess of bond over stock offerings has been the use of convertible covenants in senior security financing in the past 15 years. Of $9.6 billion of bonds and notes offered in 1958, $1.1 billion were convertible into stock at the holders' options. From 1946 through 1958, as an outstanding example, the American Telephone and Telegraph Company issued nearly $4 billion in convertible debentures, over $3.8 billion of which had been converted into common stock of the company by the middle of 1959. For hundreds of business corporations, especially in the manufacturing areas, the convertibile option has operated in the postwar years to supplant senior with equity claims and thus reduce the financial risk in their capital structures. The underlying relevance of earning power in this process warrants stress. A convertible covenant fixes the terms at which the senior security may be exchanged for one of junior claim. Time after time rising earnings have caused the market price of the stock to move up to a level inducing conversion.

Three particular factors, then, have operated in the past 13 years to avoid imbalance in corporate capital structure despite the preponderance of debt over equity offerings for cash. The first and foremost of these has been heavy earnings retention, especially among manufacturing and merchandising enterprises. The second factor has been consistent debt retirement programs, often financed by the proceeds of earnings retention. The third factor contributing to reasonable containment of corporate leverage through bonded debt has been a fairly extensive employment of the convertible covenant in senior offerings.

Short-Term Sources and Liquidity

Changes in short-term obligations, i.e., those with maturities of less than one year, as sources of corporate funds, demonstrate a high degree of correlation with cyclical variations since 1945. The data show these sources in a net liquidation of $3.7 billion in 1949 with a rebound to $19.2 billion in 1950, in a contraction of $4.0 billion in 1954 followed by resurgence to $15.1 billion in 1955, and a shrinkage by $6.2 billion in 1958 with expansion by $5.5 billion in the first half of 1959. Over the 1946-58 period these sources provided over 15% of the funds acquired by corporate enterprise. The dominant short-term source of funds has been trade credit — primarily through open accounts payable — and this medium provided more than 45% of corporate funds obtained from temporary sources in the postwar period. Bank credit was next in line in that it accounted for nearly 20% of the short-term sources of funds from 1946 through 1958. Federal tax accruals, which rise as a source of funds in periods of expanding profits and decline when profits are receding, accounted for about 5% of corporate funds obtained from current sources over the 13 years. Other short-term sources included open market commercial credit, finance company credit, intercompany loans, and personal loans from corporate executives.

Trade payables, which as a source of corporate funds contracted by $4.7 billion in the first half of 1958, provided $2.0 billion of new capital in the comparable period in 1959. Some evidence seems to indicate that tight money with the financial institutions is causing an extension of the employment of dealer credit, both in the form of accounts payable to suppliers and in the form of receivables from corporate and noncorporate customers. Corporate short-term bank borrowing shrank by $1.3 billion in the first six months of 1958, and increased by $1.1 billion in the comparable half of 1959 with manufacturing companies dominant in this upswing. While the volume of credit extended to corporations by nonbanking institutions, such as commercial paper houses and finance companies, is small compared with that provided by the commercial banks, the facts available imply a growing participation in short and intermediate-term credit operations by the sales and commercial finance companies, especially for small and medium size enterprises.

The three postwar recessions—of 1949, 1954, and 1958 — have been accompanied by improving liquidity during the down-trends of business activity and curtailment of liquidity in the prosperous phases of the cycles. Liquidity was especially strong in the early postwar years, reflecting heavy accumulation of cash resources during the period of hostilities. Through the 1950's aggregate corporate current assets consistently have ranged by slight margins below the conventional two-to-one ratio to current liabilities. Since the aggregative data include the public utilities and railroads, for which a less than two-to-one current ratio has long been recognized as typical, this development is not at all alarming. Manufacturing companies, for which the current position is particularly important in view of their problem of inventory turnover, maintained aggregative current ratios in the past decade consistently above 200%. Their "acid-test" ratios, relating the sum of cash assets and receivables to current debt, have exceeded 100% regularly, and their cash assets[3] have generally been above 50% of short-term debt. The liquidity guides support the point already made that in the postwar years business firms have extended their customer financing both absolutely and in relation to sales. Though receivables, relatively, have expanded as cash assets have contracted, customer credit has been found "exceptionally sound."[4] For business corporations in the aggregate, quick assets—including cash, U. S. securities, and receivables — have remained in a remarkably stable relation to sales over recent years.[5] Individual companies, often for good cause, may deviate sharply in their financial positions from the aggregative proportions. Yet, the latter have some bearing in indicating the drift of financing methods and overall protection.

Final Relevance of Profitability

On balance the debt, both long-term and short-term, of American business corporations appears to have been amply protected in the postwar years on the vital bases of both earnings and assets. As aggregative earning power has been sustained, coverages of fixed financial charges have averaged better than 250% for the Class I railroads, over 350% for utilities in the electric power, gas and telephone areas, and substantially higher for manufacturing companies. Meantime stock equities as a proportion of total assets have not varied significantly, except with the railroads where they have continued an increase that was under way in the early forties. FTC-SEC data for all manufacturing corporations reflect a stock-equity-to-assets ratio of 68.7% at the close of 1948 and a comparable 66.5% at the close of 1958.

Finally, profitability looms as the key to the successfulness of our postwar corporate financing. Accordingly, from the American Telephone and Telegraph Company, our largest business corporation, to the corner newspaper stand, profitability has been the essential criterion of command over capital sources, whether creditor or proprietary. Essential stress on profitability does not deny the importance of liquidity to enterprise operating in a money economy. Illiquidity can nullify a strong profitability even to the point of legal failure. Accordingly, one of management's primary responsibilities is coordination of cash flow from operations with required cash payments. While the sound financial program presumes adequate liquidity as well as inherent profitability, the long-run success of the enterprise hinges heavily on the latter.

The dynamics of a competitive economy impose risk as an unavoidable concomitant of productive endeavor. It follows that when fixed obligations for principal and interest are incurred against a fluctuating base of income, adequate protective margins—of assets over debt principal and of earnings over senior charges—are important. The overall record of the postwar years implies that business management has been effective in balancing the capital sources, creditor and proprietary, with deference to the basic factors of income and risk.

If basic productivity is the guide to future dollar expansion, the essential capital sources, both creditor and proprietary, are likely to be available. Notwithstanding the near-term prospect of continued tight money and high costs of borrowed capital, sustained profitability looms as the dominant undercurrent for effective growth. From this viewpoint the outlook would be strengthened if those on whose savings our growth depends were given stronger assurance of dollar stability in the future. It is no secret that the very productivity which beckons savings in fixed capital commitments can be vitiated by the dollar erosion accompanying inflation. In a society highly mindful of security, comparative indifference to the **dollar's** security poses a paradox as yet unreconciled. Granted sustained profitability under a stable monetary economy, the outlook is favorable for capital sources to implement essential growth.

2 Herman I. Liebling, *op. cit.*, p. 18. Kenadjian and Derrickson, *op. cit.*, p. 12.

3 Cash on hand and in the bank plus U. S. government securities.

4 Kenadjian and Derrickson, *op. cit.*, p. 20.

5 Ibid.

Reserve Ins. Co. Cap. Stk. Offering

Walter C. Gorey & Co. heading a group of underwriters which includes Freehling, Meyerhoff & Co.; John C. Legg & Co.; Semple, Jacobs & Co., Inc., and Sutro & Co., are publicly offering today (March 3) an issue of 70,000 shares of Reserve Insurance Co. capital stock (par $2.50) at $11 per share.

Of the shares being offered, 39,324 shares will be offered for the account of certain selling stockholders and the remaining 30,676 shares are being sold for the company's account.

The company's proceeds will be added to its general funds.

The company was incorporated in 1946 under the Illinois Insurance Code, succeeding by merger Reserve Mutual Casualty Co., which had been organized in 1919. Its principal office is at 180 West Adams Street, Chicago 3, Ill.

James B. Watson

James B. Watson, partner in Drysdale & Co., passed away February 19th.

Our Mining Industry Faces U.S.S.R. Mineral Production

Continued from page 9

and more mining companies going into the chemical business. In general, this cross-pollination of interests is inevitable and desirable. Minerals are the raw materials for the inorganic chemical industries. Chemicals and related products are the logical end-use for many of the materials which are extracted from the earth by mining. The point to emphasize is that this combination of interests is of importance to operators, investors, the general public and the national welfare.

How Will Russian Mineral Production Affect United States and World Economy?

Currently Russia is reported to be producing about 16% (in value) of the world's total in mineral products (U. S. about 30%). The Sino-Soviet communist bloc of nations is considered to be virtually self-sufficient in minerals. In addition, the Soviet Union itself is exporting a variety of mineral products in increasing quantities, and has now become a significant competitor in some international markets. Thus, the Soviet has come from a position of many shortages to one of moderate to substantial surpluses in many mineral commodities, some of which are being sold in free world markets. In this connection, it should be recognized that the framework of the Communist Council for Mutual Economic Aid requires rapid expansion of Soviet minerals production, without regard to immediate economic soundness of this production.

Regarding exports of minerals from Russia, in 1958 it supplied the major share of its European satellites' iron ore requirements together with some exports elsewhere (Austria). There were also exports of manganese ore, chrome, zinc, asbestos, alumina apatite concentrates, and potash. There were, however, imports of tungsten, molybdenum, bismuth, vanadium, uranium and some non-ferrous concentrates.

In coal, Russia produced in 1958 529 million tons, as compared with 405 million in the U. S. (U. S. all time high 636 million tons in 1947).

Apparently Russia is unifying a plan to use to her fullest possible advantage her natural energy fuels, and this accounts for the rapid development of her coal industry (in balance with her use of petroleum and natural gas resources). In this respect, the U. S. seems to lack at present an equivalent national policy toward the utilization of our energy fuels in the most beneficial long term interests.

Without any attempt to itemize or specify various Soviet activities in the sphere of mineral production, it may be generalized that while Russia is still well behind the U. S. A. in the total production of most mineral products and still further behind in the exportation of such minerals world-wide, the ratio of increase over the U. S. A. is significant each year and may be expected to be more so in the 1960's and thereafter.

The effort on the part of the Soviet government in this respect is apparent. Thus, it is reported that the Soviet Union is now employing about 40,000 geologists in the search or study of mineral resources as compared with a total of about one-half this number in all U. S. government, industry and college employment.

U.S.S.R.'s World Domination Drive

The number and quality of current Russian technical papers on various aspects of mining and mineral technology is impressive. Of still greater significance is the surprising number of Russian publications in the basic sciences pertaining to the mineral industries (mineralogy, geophysics, geochemistry, etc.) The number of students being trained in Russia in mining engineering and in the earth sciences appears to be well ahead of those of the U. S. A. and perhaps above that of the combined free world nations. Thus, it appears that Russia's national mineral policy is tied in directly with its avowed policy of world domination. Also that the Soviet fully recognizes the importance of mineral resources and production capacity of mineral products, in the economy of any nation striving for world dominance.

Now there is no apparent way we can stop the Russian approach to parity with the U. S. production of mineral raw materials and finished mineral products. But a national standstill or retrogression in our mineral industries could accelerate the rate of approach by Russia. Equally apparent is the fact that deceleration of relative Russian importance can result from American aggressiveness and progress.

This is not confined to the immediate future, nor for the next 10 years. It concerns the longer term future, wherein the development and conservation of reserves, depletion of mineral resources in accord with an economical and technically sound plan, and the most effective use of minerals (with consideration of recovery and re-use of mineral values) are all given due consideration.

U.S.S.R. Exportation of Mining Equipment

There is another matter of concern in the Russian mineral industry picture. This is the production and exportation by Russia of mining and mineral processing equipment and machinery. There is an important worldwide market in this field. It seems doubtful if much Russian mining equipment could be sold in the near future in the U. S., but perhaps it could be in foreign markets which are important to U. S. equipment manufacturers. It seems doubtful if exported Russian equipment at this time can compete with U. S. equipment on a quality and performance basis, but what about comparative prices and what may we expect in future?

In summary, we must recognize that Russia has become and will continue to become an increasingly important factor in the worldwide economy of minerals. There is no need for undue alarm about this situation. The U. S. A. and the free world have great mineral resources, which if wisely used and conserved will maintain our position of self-sufficiency or domination. To achieve this position, however, calls for immediate and wise action by the American mining industry, the government and the public. It is a challenge to the mining industry and to the legislatures of our country to handle its affairs, short term and long term, so that our mineral resources are best utilized in the broad interests of national and international welfare. That this can be done is positively certain, and it is an obligation of the mining engineering profession to see that it is done.

*An address by Dr. Cummins before the American Institute of Mining, Metallurgical and Petroleum Engineers, New York City, Feb. 18, 1960.

STATE OF TRADE AND INDUSTRY

Continued from page 4

many lines although the volume will be less than that predicted at the beginning of the year.

In spotchecking a wide cross section of metalworkers last week, "Steel" found executives predicting that prices of many industrial products will rise 3 to 5% in the next six months.

Steel production in 1960 is now estimated at 124 million tons or 6% above the previous record of 117 million tons established in 1955.

So far this year, the steel industry has set two monthly records. February's output, close to 11 million ingot tons, will set a record for the month—far surpassing the 10,118,995 tons poured in February, 1956. January was the industry's first 12 million ton month.

Cutbacks in auto production schedules have eased the demand for cold rolled sheets. By one estimate, automakers are ordering about 15% less steel for second quarter delivery than they bought for first quarter.

For the most part, steel producers can find other markets for the cold rolled sheets that automakers set back. In other products, such as carbon and alloy bars, wire, and stainless, the dislocations are more serious.

Last week, steelmakers operated their furnaces at 94% of capacity, up 0.2 point from the previous week's revised rate. Output was about 2,678,000 ingot tons.

Scrap prices nosedived last week. "Steel's" composite on No. 1 heavy melting grade sagged to $36.17 a gross ton, down $3.50 a ton. It is at the lowest level since June, 1959. Both domestic and export markets are slow.

Stockpiled foreign steel is moving at cut-rate prices in the Southwest as brokers seek to liquidate their holding. Incoming shipments can be bought at less than the price of futures. The price weakness on imported steel istending to slow down orders on the local mills, the magazine noted.

Nonferrous metals generally are following the pattern of the ferrous metals, "Steel" reported. The market has become quiet with volume good but below the exhuberant predictions made at the beginning of the year. Sales should pick up again in March. Right now, nonferrous prices look unusually stable.

Reference Manual on Metalworking Industry

"Steel," national metalworking magazine, has just issued the 12th Annual Edition of a comprehensive 48-page reference section on steel production, featuring prices, earnings, labor, and various other data in metalworking—the world's largest industry. If you desire to obtain a complimentary copy of this reference "Manual," write to the Editorial Service, "Steel," Penton Bldg., Cleveland 13, Ohio.

This Week's Steel Output Based On 93.1% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *165.2% of steel capacity for the week beginning Feb. 29, equivalent to 2,654,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compare with the actual levels of *167.5% and 2,690,000 in the week beginning Feb. 22.

Actual output for the week beginning Feb. 22 was equal to 94.4% of the utilization of the Jan. 1, 1960 annual capacity of 148,570,970 net tons. Estimated percentage for this week's forecast based on that capacity, is 93.1%.

A month ago the operating rate (based on 1947-49 weekly production) was *167% and production 2,683,000 tons. A year ago the actual weekly production was placed at 2,556,000 tons, or *159.1%.

*Index of production is based on average weekly production for 1947-49.

Electric Output 8.6% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Feb. 27, was estimated at 14,092,000,000 kwh., according to the Edison Electric Institute. Output was 134,000,000 kwh. below that of the previous week's total of 14,226,000,000 kwh. but showed a gain of 1,120,000,000 kwh., or 8.6% above that of the comparable 1959 week.

Auto Manufacturers Accelerate New Output

Auto producers, in the week ended Feb. 27, pushed their cumulative 1960 model year output past the 50% mark in the drive to exceed the 5,566,000 cars fashioned in the entire 1959 model year.

"Ward's Automotive Reports" said 1960 model assembly swelled to 2,855,559 cars during the week, equivalent to 51.28% of the entire 1959 model volume.

Highlighting the week's milestone was Dodge which exceeded its entire 1959 model total of 151,851 units, plus the new crop of compacts.

The reporting service said 687,821 compact cars of 1960 model vintage have been produced thus far, equivalent to 24.08% of industry total. By next week they will have exceeded the 720,191 compacts built in the 1959 and 1958 model years combined.

Produced to date have been 216,012 Ramblers, 184,608 Falcons, 143,303 Corvairs, 80,769 Larks, 61,133 Valiants and 1,996 Comets. As many as 15,000 Comets, the newest compact, may be built in March.

"Ward's" estimated the week's combined car and truck production at 188,169 units, including 156,745 cars and 31,424 trucks. The peak for combined output this year was 206,919 cars and trucks (week ended Jan. 23); the low, 183,010 units (week ended Feb. 3).

"Ward's" noted that five-day work programs marked the car production scene again, although a few plants worked Saturday, Feb. 27, and others were down to three and four day schedules.

Six-day assembly programs were carried out by two Ford Motor Co. plants, five Chevrolet division plants and American Motors' Kenosha, Wis., site. Plymouth (Detroit) was idled on Monday, Feb. 22, by a "parts" shortage, and the Plymouth-Dodge plant at Newark, N. J., was down Feb. 25-26 to allow Valiant production to be worked into the schedule. The Imperial plant at Dearborn, Mich., was closed all week "to adjust schedules to field inventories."

"Ward's" also said that about 4,400 employees of Ford Motor Co.'s Dearborn, Mich., foundry and engine plants would be idled next week by "schedule adjustments."

Carloadings Drop 2.1% Below Corresponding 1959 Week

Loading of revenue freight for the week ended Feb. 20, 1960, totaled 571,625 cars, the Association of American Railroads announced. This was a decrease of 12,116 cars or 2.1% below the corresponding week in 1959 and an increase of 76,706 cars or 15.5% above the corresponding week in 1958. The 1958 week included Washington's Birthday Holiday but 1960 and 1959 were non-holiday weeks.

Loadings in the week of Feb. 20, were 8,478 cars or 1.5% below the preceding week.

There were 10,211 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended Feb. 13, 1960 (which were included in that week's over-all total). This was an increase of 3,393 cars or 49.8% above the corresponding week of 1959 and 5,823 cars or 132.7% above the 1958 week. Cumulative loadings for the first six weeks of 1960 totaled 59,151 for an increase of 19,132 cars or 47.8% above the corresponding period of 1959, and 32,276 cars or 120.1% above the corresponding period in 1958.

Intercity Truck Tonnage 2.9% Better Than in 1959 Week

Intercity truck tonnage in the week ended Feb. 20, was 2.9% ahead of that of the corresponding week of 1959, the American Trucking Associations, Inc., announced. Truck tonnage was fractionally ahead of that of the previous week of this year, up 0.9%. Two area-wide snow storms depressed tonnage during the week of Feb. 14-20; the effect of this was offset in the week-to-week change by Lincoln's Birthday observed at certain points during the previous week.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Research Department. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

Lumber Shipments Down 6% From 1959 Week

Lumber shipments of 461 mills reporting to the National Lumber Trade Barometer were 11.1% below production during the week ended Feb. 20, 1960. In the same week new orders of these mills were 2.5% below production. Unfilled orders of reporting mills amounted to 37% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 20 days' production at the current rate, and gross stocks were equivalent to 50 days' production.

For the year-to-date, shipments of reporting identical mills were 6.7% below production; new orders were 8.2% below production.

Compared with the previous week ended Feb. 13, 1960, production of reporting mills was 0.7% above, shipments were 3.8% below; new orders were 10.3% above. Compared with the corresponding week in 1959, production of reporting mills was 6.1% above; shipments were 6.0% below; and new orders were 3.7% above.

Wholesale Food Price Index Edges Slightly Higher

There was a fractional rise this week in the wholesale food price index, compiled by Dun & Bradstreet, Inc. On Feb. 23 it edged up 0.2% to $5.78 from $5.77 a week earlier, but it was 5.9% below the $6.14 of the corresponding date a year ago.

Higher in wholesale price this week were flour, beef, butter, coffee, eggs, currants, steers, and hogs. Lower in price were wheat, corn, rye, hams, lard, cottonseed oil, cocoa, and raisins.

The index represents the sum total of the price per pound of 31 raw food stuffs and meat in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Down Slightly In Latest Week

Reflecting lower prices on some grains, sugar, and steel scrap, the general commodity price level declined slightly this week. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 272.24 (1930-32=100) on February 29 compared with 272.48 a week earlier and 277.22 on the corresponding date a year ago.

Although both domestic and export buying of wheat matched that of the prior week, prices weakened moderately from a week earlier; wheat supplies were down somewhat. A dip in domestic and export purchases held rye prices close to the preceding week.

There was little change in corn prices as buying lagged and stocks were heavy. Although trading in oats was dull, prices were fractionally higher at the end of the week. Offerings of oats were light, but they were sufficient for the limited trading. A slight dip occurred in soybean prices, influenced by sluggish export buying and weakness in the oil and meal markets.

Although purchases of flour were slow and supplies were ample, prices moved up slightly during the week. Rice prices matched those of a week earlier. Domestic buyers increased their purchases in preparation for the Lenten season and sizable amounts were bought by India and Peru.

Sugar trading remained close to the prior week, but prices were down somewhat. The buying of coffee was scattered and prices were unchanged. A fractional decrease occurred in cocoa prices, but transactions were steady.

Hog prices moved up appreciably at the end of the week as trading was sustained at a high level; hog receipts in Chicago were down moderately from the prior week. Prices on steers moved up somewhat as volume improved. There was a slight increase in trading in lambs and prices edged up fractionally. Following the rise in hog prices, prices on lard were slightly higher.

Prices on the New York Cotton Exchange were unchanged from the prior week. United States exports in the week ended last Tuesday came to about 203,000 bales, compared with 312,000 a week earlier, and 51,000 in the similar week a year ago. For the current season through February 23 exports amounted to about 3,506,000 bales, as against 1,606,000 in the corresponding period last season.

Failures Continue Down in Holiday Week Ended Feb. 25

Commercial and industrial failures dipped to 277 in the holiday week ended Feb. 25 from 289 in the preceding week, reported Dun & Bradstreet, Inc. Casualties were lower than a year ago when 296 occurred and were off sharply from the toll of 331 in the comparable week of 1958. However, some 4% more businesses succumbed than in similar week of pre-war 1939 when 267 were recorded.

All of the week's decline was concentrated among failures involving liabilities under $5,000, which dropped to 27 from 48 in the previous week and 35 last year. On the other hand, casualties with liabilities of $5,000 or more rose to 250 from 241 a week earlier, although they did not reach the 261 of this size occurring a year ago. Twenty-seven of the failing concerns suffered liabilities in excess of $100,000, as against 29 in the preceding week.

Manufacturing casualties fell to 42 from 53, retailing to 130 from 140, and commercial service to 23 from 35. Contrasting increases prevailed in wholesale trade, where the toll climbed to 35 from 19, and in construction, where the toll edged to 47 from 42. Both these lines had heavier mortality than last year, but in other industry and trade groups, failures dipped below 1959 levels.

All except three of the nine major geographic regions reported declines during the week. While there was a mild dip in the Pacific States to 63 from 70, marked drops were noted in the South Atlantic States, down to 17 from 31, and in the East North Central, off to 38 from 51. Three regions had increases: the Middle Atlantic, East and West South Central States. Year-to-year trends were mixed; business casualties equalled or exceeded 1959 levels in five regions whereas they ran lower than last year in the four other regions.

Bad Weather Holds Retail Trade Close to Year Ago

Cold weather and snow in many areas discouraged consumer buying this week and over-all retail trade remained close to that of a year ago. Declines in some cities were offset by a favorable response to the opening of many stores on Washington's Birthday and to extensive sales promotions. Slight year-to-year gains in women's apparel, furniture, and new passenger cars offset declines in men's apparel and linens.

The total dollar volume of retail trade in the week ended Feb. 24 was from 2% below to 2% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: Pacific Coast +3 to +7; Mountain +1 to +5; West South Central 0 to +4; New England, Middle Atlantic, and East South Central —2 to +2; West North Central —3 to +1; East North Central and South Atlantic —4 to 0.

Interest in women's Spring apparel picked up again this week, and sales of suits, coats, and dresses were up moderately from those of a year ago. Although volume in Winter merchandise dipped from the prior week, purchases were close to the similar week last year. Volume in men's apparel was down slightly from both a week earlier and a year ago; declines in furnishings were less noticeable than in suits and coats. Retailers reported slight year-to-year gains in children's apparel, especially boy's slacks and sports coats, and girls' blouses and Spring dresses.

Nationwide Department Store Sales Down 2% For Feb. 20 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended Feb. 20, 1960, decreased 2% below the like period last year. In the preceding week, for Feb. 13, an increase of 4% was reported. For the four weeks ended Feb. 20 a 2% increase was registered over the same period in 1958.

According to the Federal Reserve System department store sales in New York City for the week ended Feb. 20, decreased 2% over the like period last year. In the preceding week ended Feb. 13, sales increased 10% over the like period last year. For the four weeks ending Feb. 20 a 5% increase was reported over the 1959 period, and from Jan. 1 to Feb. 13 a 6% increase was recorded.

Lewis Bus. Forms Com. Stk. Offered

Public offering of 110,000 shares of Lewis Business Forms, Inc. common stock at a price of $7.75 per share was made on Feb. 26 by a group of underwriters headed by C. E. Unterberg, Towbin Co.

Of the 110,000 shares offered, 100,000 shares were sold for the account of the company and 10,000 shares for the account of M. G. Lewis, President and director of the company.

Net proceeds from the sale of its 100,000 shares, will be used by the company to redeem 190 shares of its preferred stock; to reduce bank loans, and to pay for a portion of the company's continuing modernization and expansion program.

Samuel Colsis Opens

WINTHROP, Mass.—Samuel Colsis is conducting a securities business from offices at 217 Cliff Ave. He was formerly with Keller Bros. Securities Co.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Mar. 5	§93.1	*94.4	94.2	90.3
Equivalent to—					
Steel ingots and castings (net tons)	Mar. 5	§2,654,000	*2,690,000	2,683,000	2,556,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Feb. 19	7,311,610	7,256,410	7,190,160	7,208,320
Crude runs to stills—daily average (bbls.)	Feb. 19	¶8,081,000	8,077,000	8,227,000	8,052,000
Gasoline output (bbls.)	Feb. 19	28,518,000	28,266,000	28,753,000	27,963,000
Kerosene output (bbls.)	Feb. 19	2,099,000	2,483,000	2,943,000	2,784,000
Distillate fuel oil output (bbls.)	Feb. 19	12,619,000	12,363,000	13,644,000	15,584,000
Residual fuel oil output (bbls.)	Feb. 19	6,785,000	7,178,000	6,596,000	7,162,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Feb. 19	212,942,000	208,908,000	199,905,000	204,987,000
Kerosene (bbls.) at	Feb. 19	22,987,000	23,709,000	25,866,000	19,648,000
Distillate fuel oil (bbls.) at	Feb. 19	112,597,000	118,340,000	132,638,000	84,021,000
Residual fuel oil (bbls.) at	Feb. 19	46,421,000	48,038,000	50,089,000	55,530,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Feb. 20	571,625	580,103	587,339	583,741
Revenue freight received from connections (no. of cars)	Feb. 20	541,174	547,064	552,636	552,412
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Feb. 25	$307,800,000	$342,200,000	$245,200,000	$285,660,000
Private construction	Feb. 25	202,200,000	180,500,000	139,900,000	176,172,000
Public construction	Feb. 25	105,600,000	161,700,000	105,300,000	109,488,000
State and municipal	Feb. 25	90,100,000	108,500,000	81,900,000	85,211,000
Federal	Feb. 25	15,500,000	53,200,000	23,400,000	24,277,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Feb. 20	7,195,000	*8,290,000	8,650,000	8,055,000
Pennsylvania anthracite (tons)	Feb. 20	389,000	345,000	364,000	390,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Feb. 20	107	115	113	109
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Feb. 27	14,092,000	14,226,000	14,313,000	12,972,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Feb. 25	277	289	281	296
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Feb. 23	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Feb. 23	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	Feb. 23	$37.17	$39.17	$42.50	$43.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Feb. 24	32.650c	32.900c	33.875c	29.725c
Export refinery at	Feb. 24	30.825c	32.350c	31.775c	29.175c
Lead (New York) at	Feb. 24	12.000c	12.000c	12.000c	11.000c
Lead (St. Louis) at	Feb. 24	11.800c	11.800c	11.800c	10.800c
‡Zinc (delivered) at	Feb. 24	13.500c	13.500c	13.500c	12.000c
Zinc (East St. Louis) at	Feb. 24	13.000c	13.000c	13.000c	11.500c
Aluminum (primary pig. 99.5%) at	Feb. 24	26.000c	26.000c	26.000c	24.700c
Straits tin (New York) at	Feb. 24	101.125c	101.750c	100.500c	104.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Mar. 1	83.17	83.09	82.62	86.65
Average corporate	Mar. 1	84.04	84.04	83.28	90.00
Aaa	Mar. 1	88.27	88.27	87.45	94.12
Aa	Mar. 1	86.51	86.51	85.33	92.93
A	Mar. 1	83.40	83.40	82.90	90.20
Baa	Mar. 1	78.43	78.55	78.09	83.66
Railroad Group	Mar. 1	81.90	82.03	81.17	89.09
Public Utilities Group	Mar. 1	84.04	84.17	83.15	89.78
Industrials Group	Mar. 1	86.11	86.11	85.72	91.48
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Mar. 1	4.24	4.25	4.29	3.76
Average corporate	Mar. 1	4.86	4.86	4.92	4.41
Aaa	Mar. 1	4.54	4.54	4.60	4.13
Aa	Mar. 1	4.67	4.67	4.76	4.21
A	Mar. 1	4.91	4.91	4.94	4.40
Baa	Mar. 1	5.32	5.31	5.36	4.89
Railroad Group	Mar. 1	5.03	5.02	5.10	4.48
Public Utilities Group	Mar. 1	4.86	4.85	4.92	4.43
Industrials Group	Mar. 1	4.70	4.70	4.73	4.31
MOODY'S COMMODITY INDEX	Mar. 1	367.9	369.5	379.8	382.7
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Feb. 20	298,097	304,815	331,705	297,549
Production (tons)	Feb. 20	329,793	325,402	322,114	304,774
Percentage of activity	Feb. 20	96	96	95	94
Unfilled orders (tons) at end of period	Feb. 20	440,962	466,834	459,259	400,485
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Feb. 26	111.12	111.21	111.63	114.72
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Feb. 5	2,003,090	1,988,940	2,807,240	2,230,050
Short sales	Feb. 5	341,580	261,510	442,530	347,000
Other sales	Feb. 5	1,812,410	1,773,290	2,804,110	1,961,170
Total sales	Feb. 5	2,153,990	2,034,800	3,246,640	2,308,170
Other transactions initiated off the floor—					
Total purchases	Feb. 5	283,250	260,410	416,220	501,830
Short sales	Feb. 5	84,700	29,050	51,450	56,400
Other sales	Feb. 5	284,420	336,250	471,560	430,690
Total sales	Feb. 5	369,120	365,300	523,010	487,090
Other transactions initiated on the floor—					
Total purchases	Feb. 5	724,455	638,935	852,659	729,705
Short sales	Feb. 5	153,560	110,440	133,660	111,420
Other sales	Feb. 5	723,323	657,110	872,065	793,972
Total sales	Feb. 5	876,883	767,550	1,005,725	905,392
Total round-lot transactions for account of members—					
Total purchases	Feb. 5	3,010,795	2,888,285	4,076,119	3,461,585
Short sales	Feb. 5	579,840	401,000	627,640	514,820
Other sales	Feb. 5	2,820,153	2,766,650	4,147,735	3,185,832
Total sales	Feb. 5	3,399,993	3,167,650	4,775,375	3,700,652
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Feb. 5	2,037,091	1,893,773	2,869,740	1,786,795
Dollar value	Feb. 5	$98,302,082	$94,288,387	$131,297,370	$87,528,880
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Feb. 5	1,347,468	1,458,678	1,815,624	1,549,251
Customers' short sales	Feb. 5	15,553	11,733	5,967	7,604
Customers' other sales	Feb. 5	1,331,915	1,446,945	1,809,657	1,473,247
Dollar value	Feb. 5	$65,384,666	$72,881,528	$93,635,457	$76,215,124
Round-lot sales by dealers—					
Number of shares—Total sales	Feb. 5	295,720	351,430	396,400	410,740
Short sales	Feb. 5	------	------	------	------
Other sales	Feb. 5	295,720	351,430	396,400	410,740
Round-lot purchases by dealers— Number of shares	Feb. 5	891,630	741,330	1,083,970	640,390
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Feb. 5	753,950	519,970	709,140	640,590
Other sales	Feb. 5	13,651,930	13,982,300	18,171,170	17,192,550
Total sales	Feb. 5	14,405,880	14,502,270	18,880,310	17,448,040
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Feb. 23	119.3	119.2	119.5	119.1
Farm products	Feb. 23	87.3	86.8	88.3	89.9
Processed foods	Feb. 23	105.9	105.6	105.8	107.2
Meats	Feb. 23	92.4	91.5	91.7	98.2
All commodities other than farm and foods	Feb. 23	128.6	128.6	128.6	127.5

*Revised figure. ¶Includes 977,000 barrels of foreign crude runs. §Based on new annual capacity of 148,570,970 tons as of Jan. 1, 1960 as against Jan. 1, 1959 basis of 147,633,670 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Month Latest	Month Previous	Ago Year
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of December	162,996	153,665	152,301
Stocks of aluminum (short tons) end of December	111,638	132,765	145,721
AMERICAN GAS ASSOCIATION—			
For month of December:			
Total gas sales (M therms)	9,380,900	7,436,200	8,837,400
Natural gas sales (M therms)	9,124,000	7,251,700	8,549,500
Manufact'd & mixed gas sales (M therms)	256,900	184,500	287,900
AMERICAN RAILWAY CAR INSTITUTE—			
Month of January:			
Orders for new freight cars	7,149	10,560	4,007
New freight cars delivered	2,849	3,032	1,940
Backlog of cars on order and undelivered (end of month)	48,170	43,870	29,470
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of February (000's omitted):			
Total U. S. construction	$1,402,000	$1,265,000	$1,314,469
Private construction	779,000	670,000	750,150
Public construction	623,000	595,000	564,319
State and municipal	505,000	419,000	427,372
Federal	118,000	176,000	136,947
COKE (BUREAU OF MINES)—			
Month of December:			
Production (net tons)	6,140,560	*4,334,813	5,521,200
Oven coke (net tons)	6,051,720	*4,269,695	5,437,100
Beehive coke (net tons)	88,840	*65,118	84,100
Oven coke stock at end of month (net tons)	4,505,053	*4,987,531	3,812,516
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—			
As of Jan. 31 (000's omitted)	$664,000	$627,000	$875,000
COPPER INSTITUTE—			
For month of January:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	75,768	*35,281	106,826
Refined (tons of 2,000 pounds)	86,491	46,302	137,361
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	104,678	*90,039	114,425
Refined copper stocks at end of period (tons of 2,000 pounds)	66,850	64,763	80,780
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Jan. 30	20,065,000	20,111,000	20,497,000
Spinning spindles active on Jan. 30	17,678,000	17,709,000	17,636,000
Active spindle hours (000's omitted) Jan. 30	9,144,000	10,157,000	8,552,000
Active spindle hrs. for spindles in place Jan.	457.2	406.2	427.6
DEPARTMENT STORE SALES SECOND FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF NEW YORK—1947-49 Average = 100—Month of January:			
Sales (average monthly), unadjusted	106	249	105
Sales (average daily), unadjusted	108	245	103
Sales (average daily), seasonally adjusted	135	138	129
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of January:			
Contracts closed (tonnage)—estimated	221,222	366,125	235,784
Shipments (tonnage)—estimated	209,031	235,688	224,260
NEW YORK STOCK EXCHANGE—			
As of Jan. 31 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$3,333,000	*$3,430,000	$3,452,000
Credit extended to customers	134,000	150,000	155,000
Cash on hand and in banks in U. S.	366,000	375,000	374,000
Total of customers' free credit balances	1,001,000	*996,000	1,226,000
Market value of listed shares	287,976,727	307,707,698	280,825,782
Market value of listed bonds	106,287,439	105,422,055	106,400,853
Member borrowings on U. S. Govt. issues	363,000	453,000	468,000
Member borrowings on other collateral	2,357,000	2,529,000	2,105,000
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of Dec. (000's omitted):			
Savings and loan associations	$962,910	$952,599	$982,801
Insurance companies	138,353	136,839	142,671
Banks and trust companies	409,808	408,868	507,744
Mutual savings banks	151,579	152,483	164,640
Individuals	327,393	313,846	299,427
Miscellaneous lending institutions	496,459	477,843	531,300
Total	$2,486,502	$2,442,478	$2,628,583
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)— Month of November:			
Net railway operating income	$56,366,054	$67,091,965	$80,341,766
Other income	25,121,239	23,031,569	24,251,454
Total income	81,487,293	90,123,534	104,593,220
Miscellaneous deductions from income	5,119,781	4,434,148	5,481,389
Income available for fixed charges	76,367,512	85,689,386	99,111,831
Income after fixed charges	44,866,430	54,365,632	67,225,330
Other deductions	4,213,957	4,327,992	4,049,789
Net income	40,652,473	50,037,640	63,175,541
Depreciation (way & structure & equipment)	51,699,944	51,638,207	50,028,908
Federal income taxes	13,221,464	20,857,641	23,597,972
Dividend appropriations:			
On common stock	75,973,373	18,539,438	64,977,989
On preferred stock	6,989,307	1,536,574	6,983,698
Ratio of income to fixed charges	2.42	2.74	3.11

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Acme Wholesale Corp.
Jan. 21 (letter of notification) 295,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To purchase merchandise for payment of notes and accounts payable, and for advertising and other expenses. **Office**—410 Studekum Bldg., Nashville, Tenn. **Underwriter** — Crescent Securities Co., Inc., Bowling Green, Ky.

Aerosol Corp. of America
Feb. 5 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To repay bank indebtedness, for advertising, and for working capital. **Office** — 328 Washington St., Wellesley, Mass. **Underwriter**—Clayton Securities Corp., Boston, Mass.

Agricultural Research Development, Inc.
Jan. 25 filed 200,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—To purchase land, to construct buildings, and provide necessary equipment and capital to engage in a hog raising enterprise. **Office**—Wiggins, Colo. **Underwriter**—W. Edward Tague Co., Pittsburgh, Pa.

Aircraft Dynamics International Corp.
Sept. 25 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—229 S. State Street, Dover, Del. **Underwriter**—Aviation Investors of America, Inc., 666 Fifth Avenue, New York 19, N. Y. **Offering**—Delayed.

Alaska Consolidated Oil Co., Inc.
Sept. 17 filed 3,000,000 shares of common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—For further development and exploration of the oil and gas potential of the company's Alaska properties. **Office**—80 Wall Street, New York. **Underwriter**—C. B. Whitaker, A. J. Zappa & Co., Inc., New York. **Offering**—Expected in March.

• Allied Bowling Centers, Inc.
Dec. 29 filed $750,000 of sinking fund debentures and 300,000 shares of capital stock, to be offered in units of $75 principal amount of debentures and 30 shares of stock. **Price**—$108 per unit. **Proceeds**—For general corporate purposes. **Office**—Arlington, Texas. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas. **Offering**—Expected in March.

Allied Producers Corp.
Dec. 3 filed 1,000,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For working capital to be used in the purchase of oil and gas properties and related forms of investment. **Office**—115 Louisiana Street, Little Rock, Ark. **Underwriter**—The offering is to be made by John L. Hedde, President of the issuing company and owner of 10,000 of its 80,000 presently outstanding shares. Mr. Hedde will work on a "best efforts" basis, and will receive a selling commission of 12 cents per share on Arkansas sales and 15 cents per share on out-of-state sales.

★ Ameche-Gino Foods, Inc.
Feb. 18 (letter of notification) 99,875 shares of common stock, class A (no par). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—Ameche's Drive-In, Loch Raven Boulevard & Taylor Avenue, Towson, Md. **Underwriter**—Stein Bros. & Boyce, Baltimore, Md.

★ American Bowling Enterprises, Inc.
Feb. 25 filed 100,000 shares of common stock (par $1), and 100,000 class A purchase warrants, to be offered in units of one warrant with each share. The class A warrants give the right to purchase the stock at $7.50 per share for the first six months, at $8.50 per share from the seventh to the 24th month, and at $9 per share from the 25th to the 30th month. **Price**—$7.50 per unit. **Proceeds**—For the construction of new bowling centers. **Office** — Rochester, N. Y. **Underwriter** — Myron A. Lomasney, New York City.

• American Business Systems, Inc. (3/8)
Feb. 3 filed 100,000 shares of common stock, and 3-year warrants for 5,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For new equipment; expansion of the sales organization; discharge of debts, and general corporate purposes. **Office**—2929 "B" St., Philadelphia, Pa. **Underwriter**—Bache & Co., of Philadelphia, and New York City, who is to acquire said warrants.

American Frontier Life Insurance Co.
Nov. 30 filed 200,000 shares of capital stock. **Price**—$8 per share. **Proceeds** — To increase capital and surplus. **Office**—1455 Union Ave., Memphis, Tenn. **Underwriter**—Union Securities Investment Co., also of Memphis, which will receive a selling commission of $1.20 per share.

American Land Co.
Dec. 14 filed 300,000 shares of class A preference stock ($15 par) and 300,000 shares of common stock, to be offered in units of one share of preference and one share of common. **Price**—To be supplied by amendment. **Proceeds**—For property acquisition and development. **Office**—49 E. 53rd Street, New York City. **Underwriter**—Hemphill, Noyes & Co. **Offering**—Indefinitely delayed.

American Life Fund, Inc.
Feb. 17 filed 1,250,000 shares of capital stock (par $1). **Price**—$20 per share. **Proceeds**—For investment. **Investment-Advisor** — Insurance Securities Inc., Oakland, Calif. **Underwriter**—The First Boston Corp., New York. **Offering**—Expected in the latter part of March.

American-Marietta Co.
Jan. 25 filed 1,882,718 shares of common stock, of which 1,471,709 common shares were exchanged for all the assets and properties of Dewey Portland Cement Co. on the basis of 8¼ American-Marietta shares for each 10 shares of Dewey. **Price**—To be supplied by amendment. **Proceeds**—For acquisition of additional businesses and for general corporate purposes. **Office**—101 E. Ontario Street, Chicago, Ill. **Underwriter**—None.

• American Molded Fiberglass Co.
Jan. 29 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—85 Fifth Ave., Paterson, N. J. **Underwriter** — Michael Fieldman, 82 Beaver St., New York, N. Y. **Offering**—In early March.

American & St. Lawrence Seaway Land Co.
Jan. 27 filed 538,000 shares of common stock, of which 350,000 shares are to be publicly offered. **Price**—$3 per share. **Proceeds**—To pay off mortgages, develop and improve properties, and acquire additional real estate. **Office**—60 E. 42nd St., New York City. **Underwriter**—A. J. Gabriel Co., Inc., New York City.

American Service Life Insurance Co.
Sept. 14 filed 300,000 shares of common stock (par 40¢). **Price**—$3.50 per share. **Proceeds**—For general corporate purposes, including, possibly, the acquisition of similarly engaged companies. **Office** — 113 Northeast 23rd Street, Oklahoma City, Okla. **Underwriter** — First Investment Planning Co., Washington, D. C.

American Telemail Service, Inc.
Dec. 8 filed 375,000 shares of common stock. **Price**—$4.00 per share. **Proceeds**—For establishing airmail facilities at airports. **Office**—518 Felt Bldg., Salt Lake City, Utah. **Underwriter**—Edgar B. Hunt Co., New York City. **Offering**—Imminent.

• Anadite, Inc. (3/4)
Jan. 18 filed 50,000 shares of capital stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To buy plant and property, repay bank indebtedness, and add to working capital. **Office**—10630 Sessler Street, South Gate, Calif. **Underwriter**—Dean Witter & Co., San Francisco, Calif. **Offering**—Imminent.

• Andrea Radio Corp. (3/7)
Feb. 3 filed 120,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To president F. A. D. Andrea, selling stockholder. **Office**—27-01 Bridge Plaza North, Long Island City, N. Y. **Underwriters**—W. C. Langley & Co., of New York City.

Ansonia Wire & Cable Co.
Jan. 28 (letter of notification) 74,800 shares of common stock (par $1) to be offered to stockholders on the basis of 7 new shares for each 10 shares held. **Price**—$4 per share. **Proceeds**—To repay a current debt and for working capital. **Office** — 111 Martin Street Ashton, R. I. **Underwriter** — Lapham & Co., 40 Exchange Pl, New York, N. Y.

Apache Realty Corp.
Feb. 15 filed 116,500 preferred shares (par $20), 500,000 subordinated common shares ($.10 par), and an unspecified number of common shares (par $1). The common and preferred stocks will be sold only in units consisting of five shares of preferred and an unspecified number of common shares, at $150 per unit. The company will sell the 500,000 shares of subordinated common stock at 10 cents per share to Apache Oil, promoter of the company. **Proceeds**—$1,600,000 will be used to acquire from Apache Oil the latter's two-thirds interest in the Rand Tower and Foshay Tower officebuildings in Minneapolis (included in this payment is the sum required to repay the bank loan in the amount of $1,500,000 obtained in connection with the acquisition of said building); about $600,000 will be used in connection with the development of a shopping center; and the balance for general corporate purposes. **Office** — 523 Marquette Ave., Minneapolis, Minn. **Underwriter**—APA, Inc., a subsidiary of Apache Oil. **Offering**—Expected by the middle of March.

Arcs Industries, Inc. (3/21-25)
Feb. 10 filed 100,000 shares of common stock (par 10 cents). **Price**—$3.75 per share. **Proceeds**—To discharge indebtedness; advances for research and development; to buy equipment and the balance for general corporate purposes. **Office**—Merrick Road, Bellmore, L. I., N. Y. **Underwriter**—Myron A. Lomasney & Co., New York, N. Y.

Arrivals, Ltd.
Jan. 29 (letter of notification) 44,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—203 N. Wabash Ave., Chicago, Ill. **Underwriter**—Craig-Hallum, Inc., Minneapolis, Minn.

★ Ashland Oil & Refining Co.
Feb. 26 filed 200,000 shares of its common stock, to be offered to officers and employees of the company under its key personnel stock option plan. **Office**—Ashland, Ky.

★ Automobile Bankers of South Dakota
Feb. 29 filed $500,000 of 10-year 6½% subordinated notes, due 1970. **Price**—100% of principal amount. **Proceeds**—For additional working capital. **Office**—621 Main Street, Rapid City, S. Dak. **Underwriter**—None.

• Automation Systems, Inc. (4/5)
Feb. 12 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—150-34 12th Avenue, Whitestone 57, N. Y. **Underwriter**—B. Fennekohl & Co., Inc., New York, N. Y.

★ Avis, Inc.
March 1 filed $5,000,000 of subordinated convertible debentures, due 1970, and 20,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—The company anticipates that a portion will be used for advances to or investments in one or more of its subsidiaries for their general business purposes. In addition the company may also apply a portion of the proceeds to the acquisition of additional businesses and to the prepayment of part of its outstanding long-term debt and to the temporary reduction of outstanding borrowings under a 6% revolving credit loan. **Office**—18 Irvington Street, Boston, Mass. **Underwriter**—W. E. Hutton & Co., New York.

Aviation Employees Corp. (3/18)
Feb. 8 filed 2,500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—Together with other funds, will be invested in the shares of the company's three subsidiaries; for general corporate purposes; and the remaining balance will be used from time to time for the purchase of all or a substantial interest in or the formation of one or more other companies engaged in the business of insurance or finance or to further supplement the funds of the three subsidiaries. **Office**—930 Tower Bldg., Washington, D. C. **Underwriters**—G. J. Mitchell Jr. Co., Washington, D. C.; and Ralph B. Leonard & Sons, Inc., of New York City.

Baltimore Paint & Chemical Corp. (3/14)
Jan. 22 filed (a) $750,000 of sinking fund debentures, 6½ series, due 1975 with eight-year warrants for the purchase of 22,500 common shares at the rate of 30 shares for each $1,000 of debentures; (b) 90,000 shares of 6½% cumulative convertible first preferred stock; and (c) $750,000 of 6¼% first mortgage bonds, due 1972, sold to New York Life Insurance Co., along with 12-year warrants granted said insurance company to purchase 15,000 shares of the issuer's common at a price to be specified. **Prices**—For the debentures, at par; for the preferred, $20 per share. **Proceeds**—For general corporate purposes including repayment of loan, purchase of land, construction, purchase of machinery and equipment, and for working capital. **Office**—2325 Annapolis Avenue, Baltimore, Md. **Underwriter**—P. W. Brooks & Co., New York City.

• Bankers Management Corp.
Sept. 10 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—1404 Main Street, Houston 2, Texas. **Underwriter**—Daggett Securities, Inc., Newark, N. J. **Offering**—Expected any day.

• Barnes Engineering Co. (3/7-11)
Feb. 9 filed 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To pay off notes, for expansion and for general corporate purposes. **Office**—Stamford, Conn. **Underwriter** — Hayden, Stone & Co.

• Bobbie Brooks, Inc.
Feb. 15 filed 200,000 shares of capital stock, as adjusted for the proposed two-for-one stock split to be voted on at a shareholders' meeting Feb. 24, 1960. Of the shares to be offered, 100,000 shares are to be sold by the company and 100,000 are to be sold by selling stockholders. **Price** — To be supplied by amendment. **Office** — 3830 Kelley Ave., Cleveland 14, Ohio. **Proceeds**—To be used for property improvements and working capital. **Underwriter**—Bache & Co., New York. **Offering**—Expected in mid-March.

Border Steel Rolling Mills, Inc.
Sept. 14 filed $2,100,000 of 15-year 6% subordinated sinking fund debentures, due Oct. 1, 1974, and 210,000 shares of common stock ($2.50 par), to be offered in units of $50 principal amount of debentures and five shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—For the purchase of land and construction thereon, and for the manufacture and installation of necessary equipment. **Office**—1609 Texas Street, El Paso, Texas. **Underwriters**—First Southwest Co., Dallas, Texas, and Harold S. Stewart & Co., El Paso, Texas.

Border Steel Rolling Mills, Inc.
Sept. 14 filed 226,380 shares of common stock, to be offered for subscription to stockholders of record Aug. 31, 1959, on the basis of 49 new shares for each share then held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 1609 Texas Street, El Paso, Texas. **Underwriter**—None.

Britton Electronics Corp. (3/15)
Jan. 19 (letter of notification) 225,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—213-20

99th Ave., Queens Village 99, N. Y. **Underwriter**—First Philadelphia Corp., New York, N. Y.

Burch Oil Co.
Sept. 25 (letter of notification) 120,000 shares of class A common stock (par five cents). **Price**—$2.50 per share **Proceeds**—For building and equipping stations and truck stop and additional working capital. **Office**—C/o Garland D. Burch, at 707 Grattan Road, Martinsville, Va **Underwriter**—Maryland Securities Co., Inc., Old Town Bank Building, Baltimore 2, Md.

Burnell & Co.
Feb. 15 filed 200,000 shares of common stock. **Price**—$3 per share. **Proceeds**—To repay bank loan; for manufacture of magnetic amplifiers; for establishment of a new crystal filter division; for the purchase of new automatic winding and testing and production equipment; and for working capital. **Office**—10 Pelham Parkway, Pelham Manor, N. Y. **Underwriter** — Milton D. Blauner & Co., New York.

Caldata, Inc.
Feb. 15 (letter of notification) 75,000 shares of common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—To repay bank loans, for research and development, reserve, and for working capital. **Office**—11431 Joanne Place, Los Angeles, Calif. **Underwriter**—Robert Edelstein Co., Inc., New York, N. Y.

California Metals Corp.
July 27 filed 2,500,000 shares of common stock. **Price**—At par (20 cents per share). **Proceeds**—For construction of a pilot plant; for measuring ore; for assaying; and for general corporate purposes. **Office**—3955 South State St., Salt Lake City, Utah. **Underwriter**—Cromer Brokerage Co., Inc., Salt Lake City.

● **Capital Airlines, Inc. (3/21)**
Jan. 26 filed 909,659 shares of common stock on the basis of one additional share for each share held. **Proceeds**—To broaden equity base. **Office**—Washington National Airport, Washington 1, D. C. **Underwriters** — Lehman Brothers and Smith, Barney & Co., New York, N. Y.

Captains Club, Inc.
Jan. 22 filed 500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For retirement of $52,860 of 6% notes and the balance for operating funds and working capital. **Office**—381 Fifth Avenue, New York City. **Underwriters**—G. Everett Parks & Co., Inc., and Sulco Securities, Inc., both of 52 Broadway, New York City.

Cardinal Petroleum Co.
Nov. 30 filed 200,000 shares of common capital stock. **Price**—$4 per share. **Proceeds**—For general corporate purposes including debt reduction, drilling and working capital. **Office**—420 No. 4th St., Bismarck, North Dakota. **Underwriter**—J. M. Dain & Co., Inc., Minneapolis, Minn. **Offering**—Indefinite.

★ **Carolina Pacific Plywood, Inc., Medford, Ore.**
Feb. 29 filed 100,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—To increase the company's working capital and to aid in financing log inventories at peak periods. **Underwriter**—Peter Morgan & Co., New York.

● **Carolina Telephone & Telegraph Co.**
Feb. 19 filed 176,319 shares of common capital stock, to be offered for subscription by stockholders of record March 15, 1960, in the ratio of one new share for each 10 shares then held; rights expire April 7. The company is also seeking registration of an additional 20,000 shares of its common capital stock to be offered under an Employee Stock Plan. **Price**—$20 per share for rights offering. **Proceeds**—To reduce short-term bank notes. **Underwriter**—None.

● **Cascade Pools Corp. (3/10)**
Nov. 30 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—River & Wood Sts., Butler, N. J. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

★ **Cathedral Caverns, Inc.**
Feb. 23 (letter of notification) 50,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For new buildings and improvements, advertising and a promotional program and other working programs. **Office Address**—Grant, Ala. **Underwriter**—None.

Castle Realty Co., Inc.
Feb. 11 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To purchase additional real estate investments. **Office**—Equitable Bldg., Baltimore, Md. **Underwriter**—Landrum Allen & Co., Inc., Washington, D. C.

Central Cooperatives, Inc.
Feb. 17 filed $1,500,000 of 15-year 5½% series A debenture bonds, $500,000 of 10-year 5% series A debenture bonds, and 10,000 shares of 4% cumulative preferred stock. **Price**—For debenture bonds, 100% of principal amount; $25 per preferred share. **Proceeds**—To be added to the cooperatives general fund and the major portion thereof will be applied to the construction of a new warehouse and central office building; and a portion of the proceeds will be applied to retirement of maturing promissory notes and for working capital. **Office**—1901 Winter St., Superior, Wis. **Underwriter**—None.

Central Illinois Light Co. (3/15)
Feb. 18 filed $14,000,000 of first mortgage bonds, due 1990, to be sold at competitive bidding. **Proceeds**—For 1960 construction, expected to total about $17,000,000. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. and Stone & Webster Securities (jointly). **Bids**—Scheduled to be received March 15, at 11.00 a.m. (EST) at the offices of Commonwealth Services, Inc., 300 Park Avenue, New York City.

Century Properties
Jan. 25 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For repayment of unsecured bank loans; for payment of the balance of a down payment on the purchase price of property in Ventura, Calif.; to pay the balance of construction costs on a building in Torrance, Calif. and for working capital. **Office**—1738 S. La Cienga Boulevard, Los Angeles, Calif. **Underwriter**—Daniel Reeves & Co., Beverly Hills, Calif.

Certified Credit & Thrift Corp.
Jan. 26 filed 250,000 shares of class A stock ($10 par) and 250,000 shares of class B stock (20c par), to be offered in units of one share of each class of stock. **Price**—$20.20 per unit. **Proceeds**—To pay mortgages. **Office**—Columbus, Ohio. **Underwriter**—Commonwealth Securities Corp., Columbus.

● **Champion Paper & Fiber Co.**
Feb. 23 filed 1,265,211 shares of common stock, of which 50,017 shares are outstanding and were issued for acquisitions and minority interests, 220,000 are to be issued under the company's Restricted Stock Option Plan, 8,393 are to be exchanged for the outstanding common shares held by minority holders of three of the issuer's subsidiaries, 215,636 are to be issued in connection with the acquisition of the assets of Montag Bros., 60,000 are to be purchased by the First National Bank of Cincinnati,

Continued on page 36

NEW ISSUE CALENDAR

March 4 (Friday)
Anadite, Inc. ---------- Capital
(Dean Witter & Co.) 50,000 shares
Coastal States Gas Producing Co. ---------- Debentures
(Paine, Webber, Jackson & Curtis and Blair & Co., Inc.) $20,000,000

March 7 (Monday)
Andrea Radio Corp. ---------- Common
(W. C. Langley & Co.) 120,000 shares
Barnes Engineering Co. ---------- Common
(Hayden, Stone & Co.) 50,000 shares
Consultants Bureau Enterprises, Inc. ---------- Common
(William David & Co., Inc.) $441,000
General Foam Corp. ---------- Common
(Brand, Grumet & Seigel, Inc. and Arnold Malkan & Co., Inc.) $700,000
Highway Trailer Industries, Inc. ---------- Debentures
(Allen & Co. and Van Alstyne, Noel & Co.) $3,000,000
Munston Electronic Manufacturing Corp. ---------- Common
(David Barnes & Co., Inc.) $300,000
Phillips Developments, Inc. ---------- Common
(Allen & Co.; Bear, Stearns & Co. and Sutro Bros. & Co.) 400,000 shares
Walnut Grove Products Co., Inc. ---------- Debentures
(First Trust Co. of Lincoln, Nebraska and Cruttenden, Podesta & Co.) $3,000,000
Walnut Grove Products Co., Inc. ---------- Common
(First Trust Co. of Lincoln, Nebraska and Cruttenden, Podesta & Co.) 300,000 shares

March 8 (Tuesday)
American Business Systems, Inc. ---------- Common
(Bache & Co.) 100,000 shares
Tayco Developments, Inc. ---------- Common
(Offering to stockholders—underwritten by C. E. Stoltz & Co.) $154,962.50
Taylor Devices, Inc. ---------- Common
(Offering to stockholders—underwritten by C. E. Stoltz & Co.) $537,788.75
Universal Transistor Products Corp. ---------- Common
(Michael G. Kletz & Co., Inc. and Amos Treat & Co., Inc.) $300,000

March 9 (Wednesday)
General Motors Acceptance Corp. ---------- Debentures
(Morgan Stanley & Co.) $100,000,000
Genesco, Inc. ---------- Common
(Blyth & Co., Inc.) 587,186 shares
Pueblo Supermarkets, Inc. ---------- Common
(Merrill Lynch, Pierce, Fenner & Smith Inc.) 200,000 shares
Sunair Electronics, Inc. ---------- Common
(Frank Karasik & Co., Inc.) $600,000

March 10 (Thursday)
Cascade Pools Corp. ---------- Common
(R. A. Holman & Co., Inc.) $100,000

March 14 (Monday)
Baltimore Paint & Chemical Corp. ---------- Preferred
(P. W. Brooks & Co.) $1,800,000
Baltimore Paint & Chemical Corp. ---------- Bonds
(P. W. Brooks & Co.) $750,000
Baltimore Paint & Chemical Corp. ---------- Debentures
(P. W. Brooks & Co.) $750,000
Commerce Drug Co. ---------- Common
(Marron, Sloss & Co., Inc.) $585,000
Dworman Corp. ---------- Common
(Charles Plohn & Co.) $3,000,000
Meyer (Fred), Inc. ---------- Common
(Kidder, Peabody & Co.) 400,000 shares
Secode Corp. ---------- Debentures
(No underwriting) $1,500,000

March 15 (Tuesday)
Britton Electronics Corp. ---------- Common
(First Philadelphia Corp.) $225,000
Central Illinois Light Co. ---------- Bonds
(Bids 11 a.m. EST) $14,000,000
Chesapeake & Potomac Telphone Co. of West Virginia ---------- Debentures
(Bids 11 a.m. EST) $25,000,000
Goddard, Inc. ---------- Common
(Robert L. Ferman & Co., and Godfrey, Hamilton, Magnus & Co., Inc.) $497,250
Northern Indiana Public Service Co. ---------- Bonds
(Bids to be invited) $15,000,000
Sierra Pacific Power Co. ---------- Common
(No underwriting) 49,714 shares
South Bay Industries, Inc. ---------- Class A
(Amos Treat & Co., Inc.) $1,050,000
Yuba Consolidated Industries, Inc. ---------- Debentures
(Blyth & Co., Inc.) $6,000,000

March 16 (Wednesday)
Puget Park Corp. ---------- Common
(Hill, Darlington & Co.) $816,725

March 17 (Thursday)
Mississippi Power Co. ---------- Bonds
(Bids 11 a.m. EST) $4,000,000

March 18 (Friday)
Aviation Employees Corp. ---------- Common
(G. J. Mitchell Jr. Co. and Ralph B. Leonard & Sons, Inc.) $5,000,000

March 21 (Monday)
Arcs Industries, Inc. ---------- Common
(Myron A. Lomasney & Co.) $375,000
Capital Airlines, Inc. ---------- Common
(Lehman Brothers and Smith, Barney & Co.) 909,659 shares
Latrobe Steel Co. ---------- Capital
(Kidder, Peabody & Co.) 116,000 shares
Macco Corp. ---------- Common
(Kidder, Peabody & Co. and Mitchum, Jones & Templeton) 200,000 shares
Tenax, Inc. ---------- Common
(Myron A. Lomasney) $600,000
Whitmoyer Laboratories, Inc. ---------- Common
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $510,000
Whitmoyer Laboratories, Inc. ---------- Debentures
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $500,000

March 22 (Tuesday)
Harn Corp. ---------- Common
(Arnold Malkan & Co., Inc. and Street & Company, Inc.) $750,000

March 23 (Wednesday)
Collins Radio Co. ---------- Debentures
(Kidder, Peabody & Co. and White, Weld & Co.) $12,000,000

March 28 (Monday)
Edgcomb Steel Co. ---------- Common
(Kidder, Peabody & Co. and Schmidt, Roberts & Parke) 150,000 shares

March 29 (Tuesday)
Bank of California ---------- Stock
(Blyth & Co., Inc.) 256,930 shares
Louisiana Power & Light Co. ---------- Bonds
(Bids 11:30 a.m. EST) $20,000,000
Niagara Mohawk Power Co. ---------- Bonds
(Bids to be invited) $50,000,000

April 5 (Tuesday)
Automation Systems, Inc. ---------- Common
(B. Fennekohl & Co., Inc.) $150,000
Carolina Power & Light Co. ---------- Bonds
(Bids 11 a.m. EST) $25,000,000

April 7 (Thursday)
Alabama Power Co. ---------- Bonds
(Bids to be invited) $19,500,000

April 11 (Monday)
National Fuel Gas Co. ---------- Debentures
(Bids to be invited) $18,000,000

April 12 (Tuesday)
Mountain States Telephone & Telegraph Co. ---------- Debentures
(Bids to be invited) $40,000,000
West Penn Electric Co. ---------- Common
(Carl M. Loeb, Rhoades & Co.; The First Boston Corp.; Lehman Brothers; Goldman, Sachs & Co.) $10,000,000

April 13 (Wednesday)
Iowa-Illinois Gas & Electric Co. ---------- Bonds
(Bids 10:30 a.m. CST) $15,000,000

April 26 (Tuesday)
Metropolitan Edison Co. ---------- Bonds
(Bids 11 a.m. EST) $15,000,000

May 5 (Thursday)
Columbia Gas System, Inc. ---------- Debentures
(Bids to be received) $25,000,000

May 10 (Tuesday)
Goelet Corp. ---------- Debentures
(Ross, Lyon & Co., Inc. and Globus, Inc.) $700,000
Goelet Corp. ---------- Common
(Ross, Lyon & Co., Inc. and Globus, Inc.) 70,000 shares
Goelet Corp. ---------- Warrants
(Ross, Lyon & Co., Inc. and Globus, Inc.) 35,000

May 24 (Tuesday)
Jersey Central Power & Light Co. ---------- Bonds
(Bids to be invited) $7,000,000

June 2 (Thursday)
Southern Electric Generating Co. ---------- Bonds
(Bids to be invited) $40,000,000

July 1 (Friday)
Tennessee Valley Authority ---------- Bonds
(Bids to be invited) $50,000,000

July 7 (Thursday)
Gulf Power Co. ---------- Preferred
(Bids to be invited) $5,000,000
Gulf Power Co. ---------- Bonds
(Bids to be invited) $5,000,000

September 13 (Tuesday)
Virginia Electric & Power Co. ---------- Bonds
(Bids to be invited) $25,000,000

November 3 (Thursday)
Georgia Power Co. ---------- Bonds
(Bids to be invited) $12,000,000

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as trustee under the company's Deferred Compensation Trust, and the remainder are to be issued from time to time in connection with acquisition. **Office**—Hamilton, Ohio.

★ Channing Service Corp.
Feb. 29 filed (by amendment) an additional $25,000,000 of programs for the accumulation of shares of Institutional Growth Fund. **Office**—New York City.

Charlotte Motor Speedway, Inc.
Jan. 21 filed 304,000 shares of common stock, to be offered to common stockholders of record Jan. 1 at the rate of two new shares for each three shares then held. **Price**—$2 per share, initially; after 15 days from the offering date, the underwriter will offer unsubscribed shares to purchasing stockholders for an additional 10 days, after which such shares may be publicly offered. **Proceeds**—For construction of a speedway and its accessories. The issuer expects to stage its first stock car race in May. **Office**—108 Liberty Life Building, Charlotte, N. C. **Underwriter**—Morrison & Co., Charlotte.

Chesapeake & Potomac Telephone Co. of West Virginia (3/15)
Feb. 19 filed $25,000,000 of 40-year debentures, dated March 1, 1960 and due March 1, 2000. **Proceeds**—To be applied toward repayment of advances from AT&T, the issuer's parent, which are expected to amount to about $27,600,000 at the time the proceeds are received. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—To be received at Room 1900, 195 Broadway, New York, N. Y., before 11 a.m. (New York Time) on March 15, 1960.

★ Circuit Foil Corp.
March 1 filed 106,000 shares of common stock, of which 100,000 shares are to be offered for public sale by the company and 6,000 are outstanding and will be sold for the account of the holder thereof. **Price**—To be supplied by amendment. **Proceeds**—For purchase, construction and installation of new machines; for the initial financing of a new copper foil plant; and for working capital. **Office**—East Park Street, Bordentown, N. J. **Underwriter**—Hayden, Stone & Co., New York.

Circuitronics, Inc.
Feb. 9 (letter of notification) 75,000 shares of class A common stock (par one cent). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office**—121 Varick Street, New York, N. Y. **Underwriter**—Lloyd, Miller & Co., 2605 Connecticut Avenue, N. W., Washington, D. C.

Citizens Casualty Co. of New York
Nov. 9 filed 250,000 shares of class A common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To be invested in income-producing securities. **Office**—33 Maiden Lane, New York City. **Underwriter**—Lee Higginson Corp. **Offering**—Postponed.

● Coastal States Gas Producing Co. (3/4)
Feb. 19 filed $20,000,000 of 6% sinking fund debentures due March 1, 1980 (with warrants to purchase common stock at the rate of 17 shares for each $1,000 of debentures, or 340,000 shares in the aggregate). **Price**—To be supplied by amendment. **Proceeds**—For construction and extensions of gas gathering systems, to reduce current liabilities and outstanding bank indebtedness. **Underwriters**—Paine, Webber, Jackson & Curtis and Blair & Co., Inc., both of New York.

Colanco, Inc.
Jan. 19 (letter of notification) 300,000 shares of preferred (no par), seven cents per share dividend paying after March 1, 1962, non-cumulative, non-voting stock. **Price**—$1 per share. **Proceeds**—To purchase land and for development and working capital. **Office**—3395 S. Bannock Street, Englewood, Colo. **Underwriter**—Diversified Securities, Inc., Englewood, Colo.

Cold Lake Pipe Co., Inc.
Feb. 5 filed 200,000 shares of common stock. **Price**—$6 per share. **Proceeds**—Repayment of loans and indebtedness, working capital and expansion. **Office**—1410 Stanley St., Montreal,, Canada. **Underwriter**—None.

● Collins Radio Co. (3/23)
Feb. 17 filed $12,000,000 of convertible subordinated debentures, due 1980. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office**—Cedar Rapids, Iowa. **Underwriters**—Kidder, Peabody & Co. and White, Weld & Co., both of New York City. **Offering**—Expected in late March.

Combined Electronics Inc.
Oct. 30 filed 800,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For general corporate purposes, inclding expansion, new product development, and working capital. **Office**—135 S. La Salle Street, Chicago, Ill. **Underwriter**—David Johnson & Associates, Inc., Indianapolis, Ind., on a "best efforts" basis.

● Commerce Drug Co. (3/14)
Nov. 30 filed 90,000 shares of common stock. **Price**—$6.50 per share. **Proceeds**—To selling stockholders. **Office**—505 Court St., Brooklyn, N. Y. **Underwriter** — Marron, Sloss & Co., Inc., New York City.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

● Computer Usage Co., Inc.
Dec. 29 (letter of notification) 47,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—100 W. 10th Street, Wilmington, Del. **Underwriters** — Marron, Sloss & Co., Inc. (handling the books), and Roosevelt & Gourd, New York, N. Y.; L. B. Schwinn & Co., Cleveland, Ohio; Donaldson, Luskin & Jenrette, Inc., New York, N. Y. and First Albany Corp., Albany, N. Y. **Offering**—Expected next week.

★ Consolidated Coal Co.
March 2 filed $3,000,000 of participations in its Investment Plan for Salaried Employees, together with 100,000 shares of common stock which may be purchased pursuant to said plan. **Office**—Pittsburgh, Pa.

★ Consolidated Oil & Gas, Inc., Denver, Colo.
Feb. 24 filed 140,748 shares of common stock and warrants for the purchase of 422,234 shares of common stock. The company proposes to offer its common stockholders of record March 25, 1960, the right to subscribe for one common share and warrants for the purchase of three common shares for each 10 common shares then held. The registration statement also included an additional 205,277 of outstanding shares which may be offered for sale by the present holders thereof, and 100,000 shares to be offered by the company for certain properties. **Price**—For rights offering, to be supplied by amendment. **Proceeds**—For reduction of current indebtedness; for drilling and completion, if warranted, of development wells; to rework, deepen and complete, if warranted, exploratory wells, and the balance of general corporate purposes. **Underwriter**—None.

Consolidated Water Co.
Dec. 30 (letter of notification) 24,900 shares of class A common stock (par $10). **Price**—$12 per share. **Proceeds** — To pay in part bank loans. **Office** — 327 S. La Salle Street, Chicago, Ill. **Underwriters**—Milwaukee Co., Milwaukee, Wis. and Indianapolis Bond & Share Corp., Indianapolis, Ind.

● Consultants Bureau Enterprises, Inc. (3/7)
Dec. 29 filed 147,000 shares of class A common stock, of which 104,000 are to be offered for public sale for the account of the issuing company and 43,000 shares, representing outstanding stock, by the present holders thereof. **Price**—$3 per share. **Proceeds**—$100,000 to be allocated to translating and publishing additional new books; $25,000 to acquire and equip additional needed space for the company's operations; and the balance to acquire additional machinery and equipment for coldtype composition. **Office** — 227-239 West 17th Street, N. Y. **Underwriter**—William David & Co., Inc., N. Y.

● Continental Electric Co.
Feb. 11 filed 260,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To retire outstanding bank loans, for expansion and development of new products, and for working capital. **Office** — 715 Hamilton St., Geneva, Ill. **Underwriter**—Old Colony Investment Co., Stoneham, N. H.

Control Electronics Co., Inc.
Dec. 23 filed 165,000 shares of common stock (par $3). **Price**—At par. **Proceeds**—To repay $80,000 of bank loans; $50,000 to replace working capital expended for equipment and machinery; $50,000 to increase sales efforts, including the organization of sales offices on the West Coast and in the Chicago areas; and $50,000 to further development of delay lines, filters and microwave devices. The balance of the proceeds will be added to working capital. **Office** — 10 Stepar Place, Huntington Station, N. Y. **Underwriters**—Milton D. Blauner & Co., Inc., David Finkle & Co. and Gartman, Rose & Feuer, all of New York. **Offering**—Expected in mid-March.

Cornbelt Insurance Co., Freeport, Ill.
Sept. 29 filed 200,000 shares of common stock to be offered for subscription by common stockholders of record Sept. 15, 1959, at the rate of four new shares for each 10 shares then held. Unsubscribed shares may be offered publicly. **Price**—$4 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None, but brokers and dealers who join in the distribution will receive commission of 40 cents per share.

Cornbelt Life Co.
Sept. 29 filed 100,000 shares of common stock, to be offered to stockholders of record Sept. 15 on the basis of one share for each share then held. **Price**—$4.50 per share. **Proceeds**—To be credited to stated capital and paid-in surplus. **Office**—12 North Galena Avenue, Freeport, Ill. **Underwriter**—None.

★ Damac Corp.
Feb. 17 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For working capital, inventory loans, purchase and installment of machinery and development of a market. **Office** —333 McCook Street, Highway 85, Evans, Colo. **Underwriter**—None.

Deluxe Aluminum Products, Inc.
Oct. 15 filed $330,000 of convertible debentures, and 70,000 shares of common stock. **Price**—For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—From 10,000 shares of the common stock, to the present holders thereof; from the rest of the offering, to the company to be used for expansion and as working capital. **Office**—6810 S. W. 81st St., Miami, Fla.

★ Dimensions, Inc.
Feb. 24 (letter of notification) 25,000 shares of class A stock. **Price**—At par ($1 per share). **Proceds**—For general corporate purposes. **Office**—7314 20th Avenue, Brooklyn 4, N. Y. **Underwriter**—None.

★ Diversified Collateral Corp.
Feb. 24 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—To purchase first and second mortgages and for working capital. **Office**—Miami Beach, Fla. **Underwriter**—None.

Diversified Communities, Inc.
Sept. 25 filed 367,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of Hope Homes, Inc., Browntown Water Co. and Cantor & Goldman Builders, Inc., with the balance to be used as working capital. **Office**—29A Sayre Woods Shopping Center, Madison Township, P. O. Parlin, N. J. **Underwriter**—Lee Higginson Corp., New York. **Offering**—Postponed.

Don Mott Associates, Inc.
Oct. 27 filed 161,750 shares of class B, non-voting, common stock (par $5). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including payment on a building and the financing of loans. **Office**—Orlando, Fla. **Underwriter**—Leon H. Sullivan, Inc., Philadelphia, Pa., on a "best efforts" basis. **Offering**—Expected any day.

● Dworman Corp. (3/14-18)
Jan. 15 filed 300,000 shares of common stock. **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office**—400 Park Avenue, New York City. **Underwriter**—Charles Plohn & Co., New York City.

E. H. P. Corp.
Aug. 31 filed 160,000 shares of capital stock (par 10c), of which 100,000 shares are to be publicly offered. **Price** —$2.50 per share. **Proceeds** — To provide funds for the purchase of vending machines which will be used to distribute automobile breakdown insurance policies on thruways, parkways and highways in the amount of $25 of such breakdown insurance for the purchase price of 25 cents, and for a public relations and publicity program. **Office**—Hotel Troy Building, Troy, New York. **Underwriter**—John R. Boland & Co., Inc., New York.

● Edgcomb Steel Co. (3/28-4/1)
Feb. 18 filed 150,000 outstanding shares of common stock ($5 par). **Price** — To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—D St. below Erie Ave., Philadelphia, Pa. **Underwriters** — Kidder, Peabody & Co. of New York and Philadelphia; and Schmidt, Robert & Parke, of Philadelphia.

Eldon Industries, Inc.
Feb. 15 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay $250,000 of borrowings used to purchase additional tooling for manufacture of new products; $200,000 to repay borrowings obtained to fund the purchase of Astral Electric Co., Ltd.; $200,000 to defray the cost of leasehold improvements and in moving expenses in connection with the occupancy of its new plant at Hawthorne, Calif.; $150,000 for purchase of additional injection molding equipment; and the remaining proceeds to be applied against outstanding bank loans or added to working capital. **Office**—1010 East 62nd Street, Los Angeles, Calif. **Underwriters**—Shearson, Hammill & Co., Los Angeles and New York; and Stern, Frank, Meyer & Fox, Los Angeles.

Electronic's Inc.
Feb. 1 (letter of notification) $100,000 of 7% subordinated debentures due April 1, 1970 and 20,000 shares of common stock (par 20 cents) to be offered in units, each consisting of $1,000 debenture and 200 shares of common stock. **Price**—$1,300 per unit. **Proceeds**—For payment of an outstanding mortgage note and working capital. **Address** — East Highway 50, Vermillion, S. D. **Underwriter** — Woodard - Elwood & Co., Minneapolis, Minn.

Employers Reinsurance Corp.
Feb. 8 filed 100,000 shares of capital stock, to be offered for subscription by its stockholders at the rate of one new share for each share held. **Price**—To be supplied by amendment. **Proceeds**—To increase capital and surplus. **Underwriter**—Stern Brothers & Co., Kansas City, Mo.

Ero Manufacturing Co.
Jan. 28 (letter of notification) not to exceed 10,000 shares of common stock (par $1). **Price**—At the most recent sale of such stock on the American Stock Exchange. **Proceeds**—To go to a selling stockholder. **Office** —714-18 West, Monroe St., Chicago, Ill. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

Estates, Inc.
Dec. 24 filed 200,000 shares of class A common stock. **Price**—$5 per share. **Proceeds**—For purchase of various properties, for development and subdivision thereof, and to meet operating expenses, salaries and other costs, but principally for the purchase and development of large tracts of land. **Office**—3636-16th Street, N. W., Washington, D. C. **Underwriter**—Consolidated Securities Co. of Washington, D. C.

Federated Reserve Life Insurance Co.
Jan. 19 filed 300,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—For capital and surplus of the company, which has not as yet done any life insurance business but expects to sell all forms of it. **Office**—West Memphis, Ark. **Underwriter**—The offering is to be made through three promoters and officers who will receive a selling commission of $2 per share.

Finger Lakes Racing Association, Inc.
Dec. 28 filed $4,500,000 of 20-year 6% subordinated sinking fund debentures due 1980 and 450,000 shares of class A stock (par $5) to be offered in units, each consisting of $100 of debentures and 10 shares of class A stock. **Price**—$155 per unit. **Proceeds**—For purchase of land and the cost of construction of racing plant as well as other organizational and miscellaneous expenses. **Office**—142 Pierrepont Street, Brooklyn, N. Y. **Underwriter** —Stroud & Co., Inc., New York and Philadelphia. **Offering** — Delayed.

Forest Hills Country Club Ltd.
Jan. 29 filed 75,000 shares of common stock (par 10¢). **Price**—$4 per share. **Proceeds**—To build a country club in Forest Hills, L. I., N. Y. **Office**—179—45 Brinckerhoff

Ave., Jamaica 33, L. I., N. Y. **Underwriter**—Jerome Robbins & Co., 82 Wall St., New York City. **Offering**—Expected in late March.

Forest Lawn Mortgage & Investment Co.
Feb. 12 filed 100,000 shares of common stock (with attached warrants for the purchase of an additional 100,000 shares). The warrants are exercisable at $10 per share. **Price**—$10 per share (with warrants). **Proceeds**—For general corporate purposes. **Office** — 1600 South Glendale Ave., Glendale, Calif. **Underwriter**—None.

Four Acre Motel Associates
Feb. 15 (letter of notification) $220,000 of limited partnership participations to be offered in units of $1,000 or $5,000. **Price**—At face value. **Proceeds**—To purchase a motel. **Office**—11 W. 42nd St., New York, N. Y. **Underwriter**—Syndication Investors Corp., 527 Madison Ave., New York, N. Y.

★ **Franklin Broadcasting Co.**
Feb. 26 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For working capital. **Office**—2700 East Oakland Park Boulevard, Fort Lauderdale, Fla. **Underwriter**—None.

★ **Garland Industrial Acreage, Inc.**
Feb. 24 (letter of notification) 242,927 shares of common stock (par one cent) to be offered for subscription by stockholders of record at the close of business on Feb. 8, 1960 on the basis of one new share for each share held. **Price**—25 cents per share. **Proceeds**—To purchase real estate from Byer-Rolnick Hat Corp. **Office**—601 Marion Drive, Garland, Texas. **Underwriter**—None.

Gas Hills Uranium Co.
Oct. 28 filed 6,511,762 shares of common stock, of which 3,990,161 are to be offered for sale. The remaining 2,521,601 shares are owned or underlie options owned by officers and/or directors, affiliates, and associates of the issuing company. Of the shares to be sold, 415,000 shares are to be offered to holders of the outstanding common at the rate of one new share for each 20 shares held; 500,000 shares are to be offered in exchange for properties and services; 326,883 shares are to be offered to certain holders of the company's convertible promissory notes; and 2,748,278 shares are to be offered for the account of selling stockholders, of which number 655,500 shares represent holdings of management officials and affiliated persons. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the repayment of indebtedness. **Office** — 604 South 18th Street, Laramie, Wyo. **Underwriter**—None.

Gence & Associates, Inc.
Nov. 13 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To pay an outstanding obligation and for working capital. **Office**—1500 E. Colorado St., Glendale, Calif. **Underwriter**—California Investors, Los Angeles, Calif.

★ **General Development Corp.**
March 2 filed 12,555,600 of convertible subordinated debentures, due May 1, 1975, to be offered for subscription by holders of the outstanding common in the ratio of $100 principal amount of debentures for each 50 shares of common held. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—2828 S. W. 22nd Street, Miami, Fla. **Underwriter**—Goldman, Sachs & Co., New York City, will head a group which will purchase any unsubscribed debentures. **Offering**—Expected in April.

General Devices, Inc.
Jan. 6 filed 60,888 shares of common sock, to be offered for subscription by common stockholders on the basis of one new share for each five shares held on Feb. 16; rights expire on March 1. **Price**—$13 per share. **Proceeds**—For land, construction thereon, new equipment, debt reduction, and working capital. **Office** — Ridge Road, Monmouth, Junction, N. J. **Underwriter**—Drexel & Co., Philadelphia, Pa.

● **General Foam Corp. (3/7-11)**
Jan. 7 filed 175,000 shares of common stock. **Price**—$4 per share. **Proceeds**—To enable issuer to enter synthetic foam manufacturing business. **Office**—640 W. 134th Street, New York City. **Underwriters**—Brand, Grumet & Seigel, Inc., and Arnold Malkan & Co., Inc., on a "best efforts" basis.

★ **General Instrument Corp.**
Feb. 26 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank borrowings and for working capital. **Office**—65 Gouverneur St., Newark, N. J. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

● **General Motors Acceptance Corp. (3/9)**
Feb. 16 filed $100,000,000 of 21-year debentures, due 1981. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and will be available for maturing debt or for the purchase of receivables. **Office**—1775 Broadway, New York City **Underwriter**—Morgan Stanley & Co., New York.

★ **General Telephone & Electronics Corp.**
Feb. 26 filed 775,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — For additional working capital. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York; and Mitchum, Jones & Templeton, Los Angeles, Calif.

● **General Telephone Co. of Fla.**
Feb. 19 filed $15,000,000 of 1st mtg. bonds, ser. G. **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank loans incurred during 1959 and early 1960 in connection with the company's construction program; the balance will be added to the treasury funds of the company, from which expenditures for the 1960 construction program will be made. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York City.

● **Genesco, Inc. (3/9)**
Feb. 9 filed 587,186 shares of common stock. Of the total, 87,186 shares of common stock will be offered to the common and class B common stockholders of Hoving Corp., and the remaining 500,000 shares will be offered publicly. **Price**—To be supplied by amendment. **Underwriter**—Blyth & Co., Inc., New York.

● **Glass Magic, Inc.**
Dec. 30 (letter of notification) $51,000 of six-year 6½% convertible debentures to be offered in denominations of $51 each. Debentures are convertible into common stock at $1.50 per share. Also, 68,000 shares of common stock (par 10 cents) to be offered in units of one $51 debenture and 68 shares of common stock. **Price**—Of debentures, at par; of stock, $102 per unit. **Proceeds**—To pay off current accounts payable; purchase of raw materials and for expansion. **Office** — 2730 Ludelle Street, Fort Worth, Texas. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y. **Offering**—Expected at the end of March.

Glass-Tite Industries, Inc.
Feb. 2 filed $500,000 of 6½% convertible subordinated debentures and 25,000 shares of common stock. **Prices**—For the debentures, 100% of principal amount; for the stock, to be supplied by amendment. **Proceeds**—For general corporate purposes, including expansion and reconditioning of plant. **Office**—Providence, R. I. **Underwriter**—Stanley Heller & Co., New York City.

★ **Goelet Corp. (5/10)**
March 1 filed $700,000 of 8% subordinated Installment debentures, due in March, 1970, 70,000 shares of common stock (10 cents par) and 35,000 common stock purchase warrants (exercisable at $4.50 per share until May 15, 1965), to be offered in units consisting of $100 of debentures, 10 common shares, and five warrants. **Price**—$143 per unit. **Proceeds**—To be applied toward the company's general business activities. **Office**—292 Madison Avenue, New York. **Underwriters**—Ross, Lyon & Co., Inc. and Globus, Inc., both of New York.

Goddard, Inc. (3/15)
Jan. 29 filed 153,000 shares of common stock. **Price**—$3.25 per share. **Proceeds**—For use by subsidiaries for reduction of indebtedness and general corporate purposes. **Office**—1309 North Dixie Highway, West Palm Beach, Fla. **Underwriters** — Robert L. Ferman & Co., Miami, Fla. and Godfrey, Hamilton, Magnus & Co., Inc., New York City.

Great Lakes Bowling Corp.
Aug. 31 filed 120,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the development of bowling lanes, bars, and restaurants on various Michigan properties. **Office**—6336 Woodward Ave., Detroit, Mich. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

● **Great Southwest Corp.**
Dec. 10 filed $11,500,000 of cumulative income debentures, due Jan. 1, 1975, and 575,000 shares of common stock (par $1), to be offered in units of $20 principal amount of debenture and one share of common. **Price**—$28 per unit. **Proceeds**—For debt reduction and the building of a recreation park. **Office**—3417 Gillespie Street, Dallas 19, Texas. **Underwriter**—Glore, Forgan & Co., New York City. **Offering**—Expected in late March.

★ **Green Dollar Nurseries, Inc.**
Feb. 17 (letter of notification) 300,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For equipment and furnishings, leasehold of improvements, inventory and general working capital. **Office**—11801 Harbor Boulevard, Garden Grove, Calif. **Underwriter**—V. K. Osborne & Sons, Inc., Beverly Hills, Calif.

★ **Group Securities, Inc., Jersey City, N. J.**
Feb. 29 (by amendment) filed 4,000,000 additional shares of capital stock. **Proceeds**—For investment.

Guardian Tilden Corp.
Dec. 17 filed 100,000 shares of cumulative preferred stock (par $10), $1,060,000 of 15-year 8% subordinated capital notes, and $1,250,000 of 12-year 7% subordinated capital notes. **Prices** — At par and principal amounts. **Proceeds** — For general corporate purposes. **Office** — 45-14 Queens Boulevard, Long Island City, N. Y. **Note:** The securities are to be offered first to holders of securities in Guardian Loan Co., Inc. and Tilden Commercial Alliance, Inc., subsidiaries of the issuing company. **Underwriter**—None.

★ **Gulf States Life Insurance Co.**
Feb. 26 filed 1,000,000 shares of common stock, to be offered for subscription by common stockholders of record April 1, 1960, at the rate of two shares for each share then held. **Price**—To be supplied by amendment. **Proceeds**—To repay debt of $450,000 owed to Foundation Investment Corp. and additional working capital. **Office**—First Avenue and 18th Street, Birmingham, Ala. **Underwriters** — Southern Underwriters, Inc., also of Birmingham.

● **Harn Corp., Cleveland, Ohio (3/22)**
Feb. 23 filed 187,500 shares of common stock. **Price**—$4 per share. **Proceeds**—To pay bank debts and for working capital. **Underwriter**—Arnold Malkan & Co., Inc., and Street & Company, Inc., both of New York City.

★ **Hercules Powder Co.**
Feb. 26 filed $5,000,000 of employee participations under the company's Employee Savings Plan, together with 60,979 shares of Hercules common stock which may be acquired pursuant to said plan. **Office**—Wilmington, Delaware.

Hermetite Corp.
Jan. 8 filed 136,000 shares of common stock, of which 125,000 are to be publicly offered and 11,000 have been already acquired at $1 per share by the President of M. L. Lee & Co. **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—702 Beacon Street, Boston, Mass. **Underwriters**—M. L. Lee & Co., Inc.; Milton D. Blauner & Co., Inc.; and Kesselman & Co., Inc., all of New York City, on an "all or nothing" basis. **Offering**—Expected in March.

● **Highway Trailer Industries, Inc. (3/7-11)**
Jan. 29 filed $3,000,000 convertible subordinated debentures, due August, 1975. **Price**—At par. **Proceeds**—For expansion purposes and the discharge of debts. **Office**—250 Park Ave., New York City. **Underwriters**—Allen & Co., and Van Alstyne, Noel & Co., both of New York City.

★ **Hill's Supermarkets, Inc.**
Feb. 25 filed 100,000 shares of class A stock. **Price**—To be supplied by amendment. **Proceeds**—$700,000 to purchase fixtures, equipment and inventory for new supermarkets, and the balance will be available for further expansion and working capital. **Office**—55 Motor Avenue, Farmingdale, Long Island, New York. **Underwriter**—Kidder, Peabody & Co., New York City.

Hi-Press Air Conditioning Corp. of America
Dec. 29 filed 200,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For working capital. **Office**—405 Lexington Ave., New York City. **Underwriter**—Plymouth Securities Corp., New York City. **Offering**—Expected in early March.

Howe Plastics & Chemical Companies, Inc.
Dec. 14 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—125 E. 50th Street, New York, N. Y. **Underwriter**—Hilton Securities, Inc., 580 Fifth Avenue, New York, N. Y. **Offering**—Expected in March.

★ **Hydrometals, Inc.**
Feb. 29 filed 100,000 shares of capital stock, to be issued pursuant to the company's Restricted Stock Option Plan for selected key employees of the company. **Office**—405 Lexington Avenue, New York City.

I C Inc.
June 29 filed 600,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**— Purvis & Co. and Amos C. Sudler & Co., both of Denver, Colo.

Imperial Investment Corp. Ltd.
Jan. 29 filed $15,000,000 (U. S.) 20-year collateral trust bonds, due 1980. **Proceeds**—To retire short-term borrowings. **Office**—Vancouver, B. C., Canada. **Underwriters**—Eastman Dillon, Union Securities & Co., and Nesbitt, Thomson & Co., Inc., both of New York City. **Offering**—Expected not later than March 2.

Industron Corp.
Jan. 14 (letter of notification) 60,000 shares of class A common stock (par $1). **Price**—$4 per share. **Proceeds**—For working capital. **Office** — 55 Needham Street, Newton Highlands, Mass. **Underwriter**—Schirmer, Atherton & Co., Boston, Mass.

★ **Inland Container Corp., Indianapolis, Ind.**
March 2 filed 175,000 shares of class A common stock. **Price**—To be supplied by amendment. **Proceeds**—$2,500,000 to pay a note, and the balance for general corporate purposes. **Office**—Indianapolis, Ind. **Underwriter**—Lazard Freres & Co., New York.

Inland Credit Corp.
Feb. 12 filed 190,000 shares of class A stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of outstanding accounts of Ardisco (affiliate); and the balance for additional working capital. **Office**—11 West 42nd Street, New York 36, N. Y. **Underwriter**—Shearson, Hammill & Co., New York.

Insular Finance Corp. (formerly General Finance Corp.)
Feb. 1 (letter of notification) 150,000 shares of common stock (no par). **Price** — $2 per share. **Proceeds** — For working capital. **Office**—Avenida Condado 609, Santurce, Puerto Rico. **Underwriter**—Caribbean Securities Co., Inc., Santurce, Puerto Rico.

★ **Insurance Securities Trust Fund**
Feb. 23 filed $100,000,000 of Trust Fund Certificates. **Proceeds**—For investment. **Office**—Oakland, Calif.

International Aspirin Corporation
Dec. 7 filed 600,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—1700 Broadway, Denver, Colo. **Underwriter**—Speculative Securities Corp., 915 Washington Street, Wilmington, Del., on a "best efforts" basis.

International Rectifier Corp.
Feb. 15 filed 120,000 shares of common stock, of which 60,000 shares are to be offered for public sale for the account of the issuing company and the remaining 60,000, being outstanding stock, by the present holder thereof. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general funds. **Office**—El Segundo, Calif. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

★ **Interstate Securities Co.**
Feb. 23 filed 165,000 shares of cumulative preference stock, convertible ($20 par), to be offered for subscription by common stockholders on the basis of one new share of preference stock for each four shares held. **Price**—To be supplied by amendment. **Proceeds**—For reduction of short-term notes. **Office**—3430 Broadway, Kansas City, Mo. **Underwriters**—Harriman Ripley & Co., Inc., New York; and Stern Brothers & Co., Kansas City, Mo. **Offering**—Expected in March.

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Intra State Telephone Co.
Jan. 29 filed 4,175 shares of common stock of which 3,675 shares are to be offered for subscription at $100 per share by common stockholders at the rate of one new share for each four shares held on Feb. 20. The balance of the shares are for the employee stock option plan. **Proceeds** — For general corporate purposes and payment of bank loans. **Office**—100 North Cherry St., Galesburg, Ill. **Underwriter**—None.

Investors Funding Corp. of New York
Feb. 12 filed six series of 10% subordinated debentures aggregating $1,800,000 in principal amount, with attached warrants for the purchase of an aggregate of 31,500 shares of common stock at $10 per share. **Price**—Debentures (with warrants) at 100% of principal amount. **Proceeds**—To be added to the company's general funds and working capital and will be used primarily for the purchase or improvement of parcels of real estate. **Underwriter**—None.

Island Industries, Inc.
Nov. 23 (letter of notification) $200,000 of 10-year 10% registered debentures. **Price**—$100 per debentures. **Proceeds**—For general corporate purposes. **Office** — 30 E. Sunrise Highway, Lindenhurst, N. Y. **Underwriter** — Heft, Kahn & Infante, Inc., Hempstead, L. I., N. Y.

★ **Jones & Frederick, Inc.**
Feb. 23 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For a down payment on property, advertising, furniture and working capital. **Office**—401 Miracle Mile, Coral Gables, Fla. **Underwriter**—A. J. Frederick & Co., Inc., New York, N. Y. **Note**—Underwriter is unrelated to issuer.

★ **Keystone Custodian Funds**
Feb. 29 filed 500,000 shares of Series B-3 shares, and 1,000,000 Series K-2 shares and an additional 1,000,000 shares of Series K-2. **Price**—At market. **Proceeds**—For investment. **Office**—Boston, Mass.

Keystone Electronics Co., Inc.
Feb. 12 filed 200,000 shares of common stock. Of this stock, 133,334 shares are to be offered for public sale for the account of the company and 66,666, being outstanding stock, by the holders thereof. **Price** — $3 per share. **Proceeds**—For additional equipment and inventory; for research and development; and the balance for working capital. **Office**—65 Seventh Ave., Newark, N. J. **Underwriters**—J. A. Winston & Co., Inc. and Netherlands Securities, Inc., both of New York.

★ **King & Heyne 1960, Inc.**
Feb. 25 filed $1,500,000 of exploration agreements to be offered for public sale in units. **Price**—$25,000 per unit. **Proceeds**—For acquisitions, exploratory wells, and general expenses. **Office**—708 Main St., Houston, Texas. **Underwriter**—None.

● **King & Heyne Fifth Oil**
Feb. 17 filed $1,500,000 of limited partnership interests in the partnership, to be offered in units. **Price**—$75,000 per unit. **Proceeds**—For property acquisitions, drilling and completion of exploratory wells, drilling and completion of development wells, and other related purposes. **Office** — Houston, Tex. **Underwriter**—William Blair & Co., Chicago, Ill., states that offering will be made prior to April 30, to a small number of the firm's clients.

Kratter Corp.
Feb. 15 filed 1,300,000 shares of $1.20 cumulative convertible preferred stock (par $1) to be offered for subscription at $20 per share by holders of outstanding class A and class B common at the rate of one share of preferred for each three common shares held. Shares not purchased by stockholders may be offered for public sale or in exchange for properties. The registration statement also includes 130,000 preferred shares and 130,000 class A common shares which may be acquired by the company in stabilizing transactions during the offering of the preferred, and an indeterminate number of rights which may be so acquired, which securities would thereafter be resold by the company from time to time on the American Stock Exchange. **Proceeds**—$8,000,000 to acquire the Americana Hotel, Bal Harbour, Fla., and in the amount of $3,000,000 for repayment of unsecured bank loans. The company also intends to use $2,587,500 for the exercise of a right of a subsidiary to acquire the interests of certain ventures in and to leases and mortgage pertaining to the Kratter Building, and 112-122 W. 34th Street, in New York; $2,500,000 for the development of its Ebbets Field housing project in Brooklyn; and $800,000 for the prepayment of certain mortgages. Any excess will be added to the general funds of the company to be used from time to time for general corporate purposes. **Office**—521 Fifth Avenue, New York City. **Underwriter**—None.

La Crosse Cooler Co.
Feb. 9 filed 100,000 outstanding shares of common stock (par $2). **Proceeds** — To selling stockholder. **Price**—To be supplied by amendment. **Office**—2809 Losey Blvd., South La Crosse, Wis. **Underwriter**—Shearson, Hammill & Co., New York.

LaFayette Radio Electronics Corp.
Dec. 4 filed 225,000 shares of common stock ($1 par). **Price**—$5 per share. **Proceeds**—For general corporate purposes including inventory, leasehold improvements, and working capital. **Office** — 165-08 Liberty Avenue, Jamaica, L. I., N. Y. **Underwriter**—D. A. Lomasney & Co., New York City. **Offering**—Expected in mid-March.

● **Latrobe Steel Co. (3/21-25)**
Feb. 12 filed 116,000 shares of capital stock (par $2.50) of which 60,000 shares will be offered for public sale by company and 56,000 shares are outstanding and will be sold by officers of the company. **Price**—To be supplied by amendment. **Proceeds**—For new equipment and facilities and to enlarge the company's warehouse. **Underwriter**—Kidder, Peabody & Co., New York.

Lefcourt Realty Corp.
Jan. 29 filed $2,000,000 of six year 6% subordinated debentures, due Jan. 15, 1966, with warrants to purchase 300,000 shares of common stock at $5 per share. **Price**—At-the-market, on or after July 30, 1960. **Proceeds**—For payment of a $750,000 bank loan and general corporate purposes. **Office**—375 Park Ave., New York City. **Underwriter**—None.

Lewis Swimming Pool Construction Co., Inc.
Jan. 15 (letter of notification) 60,000 shares of class A common stock (par 50 cents). **Price** — $5 per share. **Proceeds**—To acquire property and for working capital. **Office**—115 Mary Street, Falls Church, Va. **Underwriter**—Securities Registration & Transfer Corp., Washington, D. C.

● **Liquid Veneer Corp.**
Nov. 16 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price** —$2 per share. **Proceeds** — For general corporate purposes. **Office** — 211 Ellicott Street, Buffalo, N. Y. **Underwriter**—B. D. McCormack Securities Corp., New York, N. Y. **Note**—Offering commenced Feb. 25 by Michael Fieldman, 82 Beaver St., New York City, new underwriter.

● **Louisiana Power & Light Co. (3/29)**
Feb. 11 filed $20,000,000 of 1st mortgage bonds, due April 1, 1990. **Proceeds**—For construction and other corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co., Blyth & Co., Inc. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co. and Harriman Ripley & Co., Inc. (jointly); Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); The First Boston Corp. and Glore, Forgan & Co. (jointly). **Bids**—To be received up to 11:30 a.m. (New York Time), on March 29, at the offices of Middle South Utilities, Inc., Two Broadway, New York 4, N. Y.

Love Corp.
Jan. 25 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For working capital. **Office**—New Tyler Highway, Henderson, Texas. **Underwriter**—Wm. B. Robinson & Co., Corsicana, Texas.

Loveless Properties, Inc.
Jan. 20 (letter of notification) 75,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To pay bills, for acquisition of Lacey Shopping Center, and for working capital. **Office**—603 Central Bldg., Seattle 4, Wash. **Underwriter** — Andersen, Randolph & Co., Inc., Salt Lake City, Utah.

● **Macco Corp. (3/21-25)**
Jan. 28 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To repay indebtedness incurred in real estate operations, to acquire and develop land, and for general corporate purposes. **Office**—14409 So. Paramount Blvd., Paramount, Calif. **Underwriters**—Kidder, Peabody & Co., New York City, and Mitchum, Jones & Templeton, Los Angeles.

★ **Magnasyc Corp.**
Feb. 26 filed 200,000 shares of capital stock. **Price** — $5 per share. **Proceeds**—To repay interim loans up to $100,000 to Taylor & Co.; $100,000 for expansion of laboratory facilities and personnel for research and development; $100,000 to increase plant production facilities; $116,000 for tooling and production of proprietary items; $110,000 for increase of inventory; $75,000 for research and development; and $2,000 for documentary stamps; $110,000 will be added to working capital; and the remaining $88,400 is unallocated. **Office**—5546 Satsuma Ave., North Hollywood, Calif. **Underwriter**—Taylor and Company, Beverly Hills, Calif.

Mayfair Industries, Inc.
Feb. 17 filed 300,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the repayment of indebtedness. **Office** — Lafayette, La. **Underwriter** — Emanuel Deetjen & Co. (managing), New York City. **Offering**—Expected in March.

★ **(Desota B.) McCabe Enterprises, Inc.**
Feb. 26 filed 125,000 shares of common stock, of which 63,826 shares of common stock will be issued to Desota B. McCabe Jr., in return for transfer of certain properties to the company. **Price**—$10 per share for public offering. **Proceeds**—For property lease payments on the Desota Lakes property, as reserve for future leases on said property; for additional improvements on the property; for balance due on improvements; to provide additional working capital to McCabe Associates; and other corporate purposes. **Office** — 3196 Hallandale Beach Boulevard, Hallandale, Fla. **Underwriter**—None.

Megadyne Electronics, Inc.
Jan. 7 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—100 W. 10th Street, Wilmington, Del. **Underwriter**—Glenn Arthur Co., Inc., New York, N. Y.

★ **Mensh Investment & Development Associates, Inc.**
Feb. 25 filed $893,550 of 8% convertible subordinated debentures, 40,785 shares of capital stock, and 40,000 warrants. The company proposes to offer (1) to exchange the $893,550 of debentures and 29,785 shares of stock for all of the interests in three limited partnerships, namely, the Bonifant Limited Partnership, the Metropolitan Limited Partnership, and the Mensh Limited Partnership, and (2) to exchange 11,000 shares for all the captal stock of Mentor Investments, Inc. The warrants will be sold to management officials. **Office**—1613 Eye St., N. W., Washington, D. C.

Merrimack Farmers' Exchange, Inc.
Feb. 19 (letter of notification) $250,000 of unsecured registered debentures to be offered for subscription by stockholders to be divided into five series of $50,000 each, due July 1 of the years 1970 through 1974 in denominations of $25 each. The interest rate will be 6%. **Price**—At face value. **Proceeds**—For working capital. **Office**—Low Ave., Concord, N. H. **Underwriter**—None.

★ **Metropolitan Edison Co. (4/26)**
Feb. 29 filed $15,000,00 of first mortgage bonds, due 1990. **Proceeds**—For 1960 construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co., Blyth & Co., Inc.; Kidder, Peabody & Co. and Drexel & Co. (jointly). **Bids** — Expected to be receved up to 11 a.m. on April 26.

Meyer (Fred), Inc. (3/14-18)
Feb. 3 filed 400,000 shares of class A common stock (without par value) including 300,000 shares for the account of the issuer, and 85,000 shares for a company-connected estate. The remaining 15,000 shares are for officers and employees. **Price**—To be supplied by amendment. **Proceeds**—For the general fund, including constructing and equipping new shopping centers and working capital. **Office**—721 S. W. 4th Ave., Portland, Ore. **Underwriter**—Kidder, Peabody & Co.

Mid-America Minerals, Inc.
Nov. 16 filed 400,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness, acquisition of properties, and additional working capital. **Office**—500 Mid-America Bank Building, Oklahoma City, Okla. **Underwriter**—None.

● **Mid-America Pipeline Co.**
Feb. 17 filed $20,500,000 of 6½% subordinated debentures, due 1980, and 1,435,000 shares of common stock, to be offered in units of $50 of debentures and 3½ shares of common. **Price**—To be supplied by amendment. **Office**—Tulsa, Okla. **Underwriters**—Bear, Stearns & Co., and White, Weld & Co., Inc., both of New York City.

● **Missile Components Corp.**
Jan. 18 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—2300 Shames Drive, Westbury, N. Y. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York, N. Y. **Offering**—Expected in about a week.

Missile Electronics, Inc.
Feb. 5 filed 214,500 shares of common stock, of which 200,000 shares will be sold for the company's account and the remaining 14,500 shares will be offered for the account of certain selling stockholders. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—89 West 3rd St., New York City. **Underwriter**—Pleasant Securities Co. of Newark, N. J.

Mississippi Power Co. (3/17)
Feb. 8 filed $4,000,000 of first mortgage 30-year bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon Union Securities & Co. and Equitable Securities Corp. (jointly). **Information Meeting**—March 14, 1960. **Bids**—Expected to be received on March 17 at the offices of Southern Services, Inc., 250 Park Avenue, New York 17, N. Y., up to 11 a.m. (EST).

Mobilife Corp.
Jan. 18 filed 250,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For debt reduction and working capital. **Office**—Sarasota, Fla. **Underwriter**—Plymouth Bond & Share Corp., Miami, Fla.

Modern Pioneers' Life Insurance Co.
Dec. 4 (letter of notification) 47,687 shares of common stock (par $1) to be offered to policyholders of Modern Pioneers' Insurance Co. and the company for cash or transfer of dividends. **Price**—$2 per share. **Proceeds**—For working capital. **Office**—811 N. Third Street, Phoenix, Ariz. **Underwriter**—Associated General Agents of North America, Inc.

Montgomery Mortgage Investment Corp.
Oct. 16 filed $3,000,000 of second mortgage notes and accompanying repurchase agreements, to be offered in $3,000 units. **Price**—From $2,000 to $4,000 per unit. **Proceeds**—To purchase other second trust notes and to maintain a reserve for repurchase of notes under its repurchase agreements. **Office**—11236 Georgia Avenue, Silver Spring, Md. **Underwriter**—There is no underwriter as such, but Adrienne Investment Corp., an affiliate of the issuing company, will act as sales agent, for which it will receive a selling commission of 7%.

M. & S. Oils Ltd.
May 11 filed 390,000 shares of common stock. **Price**—60 cents per share. **Proceeds** — For exploration, development and acquisitions. **Office**—5 Cobbold Block, Saskatoon, Saskatchewan, Canada. **Underwriter** — Cumberland Securities Ltd., Regina, Saskatchewan, Canada.

● **Munston Electronic Manufacturing Corp. (3/7)**
Nov. 9 (letter of notification) 50,000 shares of common stock (par 10 cents). **Price**—$6 per share. **Proceeds**—For general corporate purposes. **Office**—Beech Street, Islip, N. Y. **Underwriter**—Heft, Kahn & Infante, Inc., Hempstead, N. Y., is no longer underwriting this issue. The new underwriter is David Barnes & Co., Inc. of New York City. **Offering**—Expected in early March.

Mutual Credit Corp.
Oct. 6 (letter of notification) $300,000 of 6½% convertible subordinated debentures, series A, due Oct. 1, 1969. Debentures are convertible at any time through Oct. 1,

1968 into class A non-voting common stock (par $5) at the rate of 100 shares of such stock for each $500 of debentures converted. **Price**—At face amount. **Proceeds**—For the general funds of the company. **Office**—c/o Raymond F. Wentworth, 6 Milk St., Dover, N. H. **Underwriter**—Eastern Investment Corp., Manchester, N. H.

Narda Microwave Corp.
June 16 filed 50,000 shares of common stock (par 10 cents) and 50,000 warrants to be offered in units, consisting of one share of common stock with attached warrant entitling the holder to purchase one additional share. The statement also includes an additional 10,000 shares of common stock reserved for issuance to key employees pursuant to options. **Price**—To be supplied by amendment. **Proceeds** — To be used to retire bank loans. **Underwriter**—Milton D. Blauner & Co. Inc., New York. Indefinitely postponed.

National Lawnservice Corp.
Jan. 11 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 410 Livingston Avenue, North Babylon, N. Y. **Underwriter**—Fund Planning Inc., New York, N. Y.

New Haven Clock & Watch Co.
Jan. 29 filed: (1) 1,462,320 shares of common stock to be offered for subscription at $2 per share by common stockholders at the rate of three new shares for each five shares held on the record date; (2) 250,000 shares of common stock for public sale. **Price**—To be supplied by amendment; (3) 700,000 of outstanding shares which may be offered for sale by the present holders thereof; (4) 719,667 shares to be offered to holders of warrants and convertible short term notes; and (5) 92,500 shares for use in the company's stock option plan. **Proceeds**—For general corporate purposes, including reduction of indebtedness, development of a division, and mortgage payments. **Office**—140 Hamilton St., New Haven, Conn. **Underwriter**—None.

★ **Niagara Mohawk Power Co. (3/29)**
Feb. 29 filed $50,000,000 of general mortgage bonds, due 1990. **Proceeds** — To be used to pay short-term bank loans incurred to meet construction costs. The company estimates its 1960 construction program (including that of its subsidiaries) will require $100,000,000. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co. **Office**—Syracuse, N. Y.

● **Nord Photocopy & Business Equipment Co.**
Jan. 27 filed 36,400 shares of common stock, of which 3,500 shares are to be offered for the account of the issuing company and 32,900 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be related to the market. **Proceeds**—To buy outstanding capital shares of Television Utilities Corp., with the balance for general corporate purposes. **Office**—New York City. **Underwriter**—Myron A. Lomasney & Co., New York City. **Note** — Last Sept. 25 the same underwriter offered to quick oversubscription 100,000 shares of Nord common at $5 per share. **Offering**—Imminent.

North Carolina Telephone Co.
Sept. 4 filed 576,405 shares of common capital stock, to be offered for subscription by holders of outstanding stock in the ratio of two new shares for each five shares held. **Price**—$2 per share. **Proceeds**—To reduce indebtedness with the balance, if any, to be used as working capital. **Office**—Matthews, N. C. **Underwriter**—One or more security dealers will be offered any shares not subscribed for at $2 per share.

Northern Indiana Public Service Co. (3/15)
Feb. 9 filed $15,000,000 in bonds of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Dean Witter & Co. (to handle the books); Blyth & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly). **Bids**—Expected to be received on March 15.

★ **Nuclear Materials & Equipment Corp.**
March 2 filed 45,000 shares of common stock, of which 4,980 are to be offered to warrant holders and the remainder is to be offered publicly. **Price**—To be supplied by amendment. **Proceeds** — For equipment and expansion. **Office**—Apollo, Pa. **Underwriter**—Moore, Leonard & Lynch, Pittsburgh, Pa., and New York City.

Nu-Era Corp.
Nov. 30 filed 275,000 shares of common stock, of which 200,000 are to be publicly offered. **Price**—$3.75 per share. **Proceeds**—To reduce indebtedness and increase inventories of gears and mufflers. **Office** — 342 South St., Rochester, Michigan. **Underwriter**—Mortimer B. Burnside & Co., Inc., on an "all or nothing best efforts" basis. The underwriter will receive $15,000 for expenses, a $.75 per share selling commission on the 200,000 shares comprising the public offering, and the privilege of purchasing 37,500 shares of the common stock at $.10 per share. The 37,500 shares thus far unaccounted for are to be sold to John L. Appelbaum at $.10 per share in consideration of certain services rendered. **Offering**—Expected any day.

Oil, Gas & Minerals, Inc.
April 2 filed 260,000 shares of common stock (par 35 cents. **Price**—$2 per share. **Proceeds**—To retire bank loans and for investment purposes. **Office**—513 International Trade Mart, New Orleans, La. **Underwriter** – Assets Investment Co., Inc., New Orleans, La. The SEC "stop order" hearing was postponed from Jan. 23 to Feb. 25.

One-Hour Valet, Inc.
Feb. 3 filed $2,000,000 of 6% convertible subordinated debentures, due March 1, 1975, and 100,000 shares of common stock (par $1). **Prices**—Debentures at 100% of principal amount, and price of the common stock to be supplied by amendment. **Proceeds**—For the repayment of indebtedness, renovation and expansion, and working capital. **Office** — 1844 West Flagler St., Miami, Fla. **Underwriter**—Van Alstyne, Noel & Co. of New York City.

Oxy-Catalyst, Inc.
Dec. 23 filed 28,637 shares of common stock. The company proposes to offer 11,372 shares for subscription by its common stockholders of record Jan. 15, 1960, upon the basis of one new share for each 50 shares then held. The remaining 17,265 shares are to be offered to certain officers and employees of the company upon the exercise of options to purchase said shares, the option price being $9.35 as to 6,575 shares and $11 as to 10,690. **Price**—For rights offering, to be supplied by amendment. **Proceeds**—For additional working capital. **Office**—511 Old Lancaster Road, Berwyn, Pa. **Underwriter**—None.

Pacific Gold, Inc.
Dec. 9 (letter of notification) 75,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For mining expenses. **Office**—404 Mining Exchange Building, Colorado Springs, Colo. **Underwriter**—Birkenmayer & Co., Denver, Colo.

● **Pacific Panel Co.**
Feb. 8 filed 100,000 shares of class A common stock. **Price**—$4.50 per share. **Proceeds**—For reduction of indebtedness; for working capital; for establishment of three additional stores; and to provide additional working capital for a new subsidiary. **Office**—1212 West 26th St., Vancouver, Wash. **Underwriter**—Frank Karasik & Co., Inc. **Offering**—Expected in April.

Park Royal Associates
Feb. 16 filed $2,235,000 of limited partnership interests. **Price**—$5,000 per unit. **Office**—New York City. **Underwriter**—Warren Securities Corp.

Pentron Electronics Corp.
Feb. 4 filed 250,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds** — $115,000 for payment in full of outstanding 6% sinking fund debentures, plant renovation, new equipment, and the balance to the general fund. **Office**—777 So. Tripp Ave., Chicago, Ill. **Underwriter**—Stanley Heller & Co., of New York City.

● **Phillips Developments, Inc. (3/7-11)**
Dec. 21 filed 400,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For property development, possible acquisitions, and working capital. **Office** — 1111 West Foothill Blvd., Azusa, Calif. **Underwriters**—Allen & Co., Bear, Stearns & Co., and Sutro Bros. & Co., all of New York City.

Pidgeon (Walter) Steel Products, Inc.
Feb. 9 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For tooling and machinery of manufacturing plant, inventory, advertising and working capital. **Office** — 10 Union Avenue, Bala-Cynwyd, Pa. **Underwriter**—Heft, Kahn & Infante, Inc., Rockville Centre, N. Y.

Pilot's Car Rental Service Co., Inc.
Feb. 17 (letter of notification) 60,000 shares of class A common stock (par $1). **Price**—$2 per share. **Proceeds**—To pay indebtedness and to purchase additional Volkswagen automobiles and for working capital. **Office**—10810 E. Nolcrest Drive, Silver Spring, Md. **Underwriter**—H. L. Smith Co., College Park, Md.

★ **Pirelli Societa Per Azioni**
Feb. 26 filed ADRs for 50,000 ordinary shares. **Depositary**—The Chemical Bank New York Trust Co.

● **Plainfield-Union Water Co.**
Feb. 19 filed 68,676 shares of common stock, to be offered for subscription by common stockholders of record March 31, 1960, at the rate of one new share for each 2½ shares then held; rights expire April 14. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Office**—120 West Seventh Street, Plainfield, N. J. **Underwriter**—W. C. Langley & Co., New York.

Plastic & Fibers, Inc.
Jan. 18 (letter of notification) 85,714 shares of common stock (par 40 cents). **Price**—$3.50 per share. **Proceeds**—For general corporate purposes. **Office** — Whitehead Ave., South River, N. J. **Underwriter**—Arnold Malkan & Co., Inc., New York, N. Y.

★ **Pontiac Records, Inc.**
Feb. 23 (letter of notification) 20,000 shares of class A stock (par $1). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—2 Wayland Rd., Plainview, N. Y. **Underwriter**—None.

Precision Transformer Corp., Chicago
Dec. 29 filed $700,000 of 6½% subordinated convertible debentures, due 1970, with attached warrants to purchase 28,000 common shares; and warrants for the purchase of 125,000 common shares, which may be issued to company-connected people; and 150,000 common shares. **Prices**—For the debentures, par; for the common, the price will be supplied by amendment. **Proceeds** — For debt reduction, plant construction, and equipment. **Underwriter**—John R. Boland & Co., Inc., New York City, who will work on a "best efforts" basis and receive a commission of $120 per $1,000 debentures sold.

Premium Acceptance Corp.
Feb. 17 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.15 per share. **Proceeds**—For working capital. **Office**—212 S. Tryon Street, Charlotte, N. C. **Underwriter**—R. L. Hoffman, Charlotte, N. C.

Professional Life & Casualty Co.
Jan. 29 filed 180,000 shares of common stock. **Price**—$10 per share. **Proceeds**—For the company's insurance business and expenses, and working capital for the procurement of business. **Office**—720 N. Michigan Ave., Chicago, Ill. **Underwriter**—Professional Casualty Agency Co., Chicago, Ill.

Public Mortgage Co., Inc. of Florida
Feb. 18 filed $4,500,000 of Investment Contracts relating to the sale of whole first and second mortgage loans secured by mortgages on real estate. **Price**—The contracts have no stated offering price apart from the principal amount of the mortgage loans to which they relate. **Office**—36 N. E. 1st St., Miami, Fla. **Underwriter**—Sales of mortgage loans and related investment contracts in Florida will be made by the company directly, with no underwriting commissions thereon; and sales in New York will be made through Public Investing, Inc.

● **Pueblo Supermarkets, Inc. (3/9)**
Feb. 5 filed 200,000 shares common stock (no par), 70,000 shares of which are to be offered for public sale, and the balance being outstanding shares of present holders. **Price**—To be supplied by amendment. **Proceeds** — For expansion purposes. **Office**—Caparra Heights, San Juan, Puerto Rico. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc.

Puerto Rico Industries, Inc.
Oct. 15 filed 48,500 shares of class A common stock, (par $1), 200,000 shares of class B common stock (par $1) and $388,000 of 6% subordinated debentures, due July 1, 1971. With the exception of 151,500 shares of class B common allocated to the organizers of the company at par, the securities are to be offered to the public in units of $4,000 of debentures, 500 class A shares, and 500 class B shares. **Price**—$5,000 per unit. **Proceeds**—For investment in the securities of its subsidiary, Puerto Rico Meat Packing Co., Inc., which will use the funds, estimated at $600,000, as operating capital. **Address**—P. O. Box No. 622, Little Rock, Ark. **Underwriter**—None.

● **Puget Park Corp. (3/16)**
Jan. 6 filed 125,650 shares of common stock. **Price**—$6.50 per share. **Proceeds**—To buy land and reduce indebtedness. **Office**—Seattle, Wash. **Underwriter**—Hill, Darlington & Co., of Seattle and New York City.

Radiant Lamp Corp.
Feb. 10 filed 120,000 shares of class A stock. **Price**—$5 per share. **Proceeds** — To repay a bank loan, and for working capital. **Office**—300 Jelliff Ave., Newark, N. J. **Underwriter**—Amos Treat & Co., Inc., New York. **Offering**—Expected in April.

Realty Equities Corp.
Feb. 2 filed 150,000 shares of common stock. **Price**—$5.25 per share. **Proceeds**—For general corporate purposes. **Office**—New York City. **Underwriter**—Sutro Bros. & Co., also of New York City. **Offering**—Expected in March.

● **Remco Industries, Inc.**
Feb. 19 filed 100,000 outstanding shares of common stock (par $2). **Proceeds**—To selling stockholders. **Office**—113 N. 13th St., Newark, N. J. **Underwriter**—Paine, Webber, Jackson & Curtis, New York. **Offering**—Expected in late March.

Reserve Finance Corp.
Feb. 4 (letter of notification) 135,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To operate a finance business. **Office**—Suite 531 Guaranty Bank Building, Denver, Colo. **Underwriter** — Life Insurance Stocks, Inc., Denver, Colo.

★ **Rittenhouse Fund, Philadelphia, Pa.**
Feb. 26 filed (by amendment) an additional 40,000 participating units in the Fund. **Proceeds**—For investment.

Roulette Records, Inc.
Aug. 27 filed 330,000 shares of common stock (one cent), of which 300,000 shares are to be publicly offered. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes, including moving to new quarters and installing executive offices and sound studio facilities therein, acquiring technical equipment and machinery, and adding to working capital. **Office** — 659 10th Avenue, New York. **Underwriter**—Hilton Securities, Inc., 580 Fifth Avenue, New York, formerly known as Chauncey, Walden, Harris & Freed at the same address, states that it is no longer underwriting this issue.

★ **St. Regis Paper Co.**
Feb. 26 filed 306,787 shares of its common stock, to be offered in exchange for the outstanding shares of common stock of The Creamery Package Manufacturing Co. on the basis of 1.02 shares of St. Regis for each share of Creamery. **Office**—150 E. 42nd St., New York City. **Dealer-Managers**—White, Weld & Co., and A. G. Becker & Co., both of New York.

● **San Diego Imperial Corp.**
Feb. 24 filed $5,000,000 of subordinated convertible debentures, due Apr. 1, 1975, and 728,531 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For the account of selling stockholders, 128,531 shares, and for the company, 600,000 shares, to reduce indebtedness and for investment. **Office**—San Diego, Calif. **Underwriters**—White, Weld & Co., New York City, and J. A. Hogle & Co., Salt Lake City, Utah.

★ **Savannah Electric & Power Co.**
March 2 filed 187,950 shares of common stock (par $5). The company proposes to offer 87,950 shares of its common stock to its stockholders on the basis of one new share for each 13 shares held of record on March 29, 1960. The offer will expire on April 18. 100,000 of the shares of common stock are presently outstanding, and will be sold for the accounts of the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To repay a portion of bank loans made for construction purposes. **Underwriters**—The First Boston Corp. and Stone & Webster Securities Corp., both of New York.

★ **Seaboard Plywood & Lumber Corp.**
Feb. 25 filed $300,000 of 6½% subordinated debentures and 30,000 shares of common stock, to be offered in units, each unit consists of $500 principal amount of

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debentures and 50 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To retire a term bank loan, and for working capital. **Office**—17 Bridge St., Watertown, Mass. **Underwriter**—Peter Morgan & Co., New York.

Secode Corp. (3/14)
Dec. 28 filed $1,500,000 of 6% convertible subordinated debentures due July 1, 1965. The company proposes to offer $300,000 of the debentures in exchange for its 6% convertible notes due July 30, 1962; $587,000 in exchange for its demand notes totaling $587,000; and the balance, or $613,000, to the public for cash. **Office**—555 Minnesota Street, San Francisco, Calif. **Underwriter**—No underwriting is involved; but the debentures offered for the cash sale will be sold on a best efforts basis through dealers who will receive a 5% commission.

Security Mortgages, Inc.
Nov. 30 filed $250,000 of 11-year sinking fund debentures and 62,500 shares of class A common stock (par 15 cents), to be offered in units of 1 debenture and 25 common shares. **Price**—$100 per unit. **Proceeds**—To invest in equities and/or mortgages. **Office** — Denver 2, Colo. **Underwriter**—None.

★ Seeburg Corp.
Feb. 29 filed $526,000 of 4% promissory notes and 1,200,000 shares of common stock. The notes and 614,242 shares of the common stock are outstanding and may be sold by the present holders thereof. The registration includes 61,000 shares which are reserved by contract for delivery in connection past acquisitions. The remaining 524,758 shares may be issued from time to time in the acquisition of additional businesses. **Office**—1500 North Dayton St., Chcago, Ill.

★ See's Candy Shops, Inc.
Feb. 26 filed 250,832 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—3431 South La Cienaga Blvd., Los Angeles, Calif. **Underwriter**—Hemphill, Noyes & Co., New York.

● Seneca Gas & Oil Corp.
Dec. 24 filed 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For drilling. **Office**—Erie, Pa. **Underwriter**—Edgar B. Hunt Co., New York City. **Offering**—Imminent.

★ Servonics, Inc.
Feb. 25 filed 76,600 shares of common stock, to be offered for subscription by common stockholders at the rate of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—To retire bank note indebtedness; for the purchase of additional machinery, equipment and facilities; to provide additional working capital; to finance the inital payments on a tract of land to be used for possible plant construction, and the balance for general corporate purposes. **Office**—822 North Henry St., Alexandria, Va. **Underwriter**—None.

● Sierra Pacific Power Co. (3/15)
Feb. 23 filed 49,714 shares of common stock, to be offered for subscription by holders of the outstanding common of record March 14 on the basis of one new share for each 15 then held. **Price**—To be supplied by amendment. **Proceeds**—To be applied to payment of loans. **Office**—Reno, Nev. **Underwriter**—None.

★ Snia Viscosa (Nazionale Industria Applicazoni Viscosa)
Feb. 23 filed American Depositary Receipts for 50,000 ordinary shares. **Depositary**—Chemical Bank New York Trust Co.

★ Societa Edison
Feb. 23 filed American Depositary Receipts for 50,000 shares of capital stock. **Depositary**—Chemical Bank New York Trust Co.

Solon Industries, Inc.
Jan. 26 (letter of notification) 50,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—c/o A. M. Hubman, 4061 Conover Road, University Heights, Ohio. **Underwriter**—Gaither & Co., Inc., Cleveland, Ohio.

● Sonar Radio Corp.
Jan. 22 filed 195,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To move to new plant facilities; to acquire additional working capital; to expand production facilities and for operations; for research and development; for test equipment and for advertising and sales promotion. **Office**—3050 W. 21st Street, Brooklyn, N. Y. **Underwriter**—George, O'Neill & Co., Inc., New York, N. Y. **Offering**—Imminent.

Sottile, Inc. (Formerly South Dade Farms, Inc.)
July 29 filed 2,000,000 shares of common stock (par $1), of which 1,543,000 shares are to be issued and sold for the account of the company, and 457,000 shares, representing outstanding stock, to be sold for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To retire 70% of the common stock outstanding at the date of the stock offering; to invest in the capital stocks of six of the company's seven bank subsidiaries; to repay a bank loan of $6,400,000; to add to working capital; to retire certain long-term indebtedness; and to develop citrus groves. **Office**—250 South East First Street, Miami, Fla. **Underwriter**—Bear, Stearns & Co., New York. **Offering**—Indefinite.

South Bay Industries, Inc. (3/15)
Dec. 11 filed 210,000 shares of class A stock. **Price**—$5 per share. **Proceeds**—To pay off bank loans, purchase machinery, and add to working capital. **Office** — 42 Broadway, New York City. **Underwriter**—Amos Treat & Co., Inc., of New York City, on a "best efforts" basis.

★ Southern Coach & Body Co., Inc.
Feb. 15 (letter of notification) 31,030 shares of common stock to be offered to a limited group of individuals living in the state of Alabama and the remainder to some of the employees of the company. **Price**—At par ($5 per share). **Proceeds**—For expansion, purchase of additional machinery and equipment and working capital. **Office**—Evergreen, Ala. **Underwriter**—None.

Southern Growth Industries, Inc.
Nov. 12 filed 963,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For investment. **Office** — Greenville, S. C. **Underwriter** — Capital Securities Corp., 121 So. Main Street, Greenville, So. Car., on a "best efforts" basis, with a commission of 50 cents per share.

Southland Oil Ventures, Inc.
Nov. 27 filed $2,000,000 of participations in its 1960 Oil and Gas Exploration Program. **Price**—$5,000 per unit, with a minimum participation of $10,000. **Proceeds**—For exploration. **Office** — 2802 Lexington, Houston, Texas. **Underwriter**—The participations will be offered by officers of the company and by certain investment firms.

Southwest Forest Industries, Inc.
Jan. 29 filed not to exceed an aggregate of $13,500,000 of subordinated income debentures, due 1985, and common stock, to be offered in units of such debentures and such common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital and the construtcion of new plant. **Office** — 444 First National Bank Building, Phoenix, Ariz. **Underwriter**—White, Weld & Co., New York City. **Offering**—Expected in late March.

★ Spring Street Capital Co.
March 1 filed 3,000 shares of common stock (par $100) to be offered in units of five shares at $1,000 per share. **Proceeds**—For loans to and the purchase of securities of certain business concerns. It may also use a portion of the proceeds to pay the costs and expenditures incidental to its operatons until such time as it has an income from its loans and investments. **Office**—650 South Spring St., Los Angeles, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

● Standard Screw Co.
Feb. 17 filed 210,000 shares of common stock (par $20). **Price**—To be supplied by amendment. **Proceeds**—To estate of a selling stockholder. **Office**—Bellwood, Ill. **Underwriter**—Hornblower & Weeks, New York. **Offering**—Expected in mid-March.

Stantex Corp.
Dec. 28 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For new quarters, expansion and working capital. **Office**—40 N. 2nd Street, Philadelphia, Pa. **Underwriters**—First City Securities, Inc., New York, N. Y. and Frank P. Hunt & Co., Inc., Rochester, N. Y. **Offering**—Expected any day.

State Hospital Insurance Association, Inc.
Jan. 27 (letter of notification) 12,750 shares of common stock (no par) to be offered for subscription by stockholders of record Jan. 15, 1960 and unsubscribed shares to the public. Rights expire Feb. 25, 1960. **Price** — To stockholders, $11.50 per share; to the public, $12.50 per share. **Proceeds**—For working capital. **Office**—106 W. Church St., Tarboro, N. C. **Underwriter** — Powell & Co., Fayetteville, N. C.

★ Sterilon Corp.
Feb. 19 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 500 Northland Avenue, Buffalo, N. Y. **Underwriter**—Shields & Co., New York.

Stelling Development Corp.
June 8 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mortgages, land, paving roads, loans payable, advertising, etc. **Office**—305 Morgan St., Tampa 2, Fla. **Underwriter**—Stanford Corp., Washington, D. C.

★ Sun Rubber Co.
Feb. 26 filed $1,000,000 of 6% subordinated debentures due April 1, 1975, and 100,000 shares of common stock, to be offered in units of $100 of debentures and 10 shares of common stock. **Price**—$100 per unit. **Proceeds**—To be used in reorganization. **Office**—366 Fairview Ave., Barberton, Ohio. **Underwriter**—McDonald & Co., Cleveland, Ohio.

● Sunair Electronics, Inc. (3/9)
Dec. 28 filed 200,000 shares of common stock (par $.10). **Price**—$3.00 per share. **Proceeds**—For new equipment, construction, and working capital. **Office** — Broward County International Airport, Ft. Lauderdale, Fla. **Underwriter**—Frank Karasik & Co., Inc., of New York City.

Supermarket Service, Inc.
Oct. 14 (letter of notification) 9,000 shares of common stock (no par). **Price**—$11.50 per share. **Proceeds**—For working capital. **Office** — 103 E. Main St., Plainville, Conn. **Underwriter** — E. T. Andrews & Co., Hartford, Conn.

Supronics Corp.
Jan. 29 filed 120,000 shares of common stock. **Price**—$6 per share. **Proceeds**—$50,000 to reduce short-term bank loans, and the balance to be used for general corporate purposes, including expanding the business. **Office**—224 Washington Street, Perth Amboy, N. J. **Underwriters**—Standard Securities Corp., Herzig, Farber & McKenna, and Irving Weiss & Co., all of New York City, and Bruno-Lenchner, Inc., Pittsburgh, Pa.

Surety Life Insurance Co.
Jan. 29 filed 10,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For expansion of the business. **Office**—1935 So. Main Street, Salt Lake City, Utah. **Underwriter**—J. A. Hogle & Co., Salt Lake City, Utah.

● Sutton Leasing Corp.
Feb. 9 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—9 Rockefeller Plaza, New York 20, N. Y. **Underwriter**—T. M. Kirsch Co., New York, N. Y. **Offering**—Expected at the end of March.

System Finance Co.
Dec. 15 (letter of notification) $250,000 of 6% subordinated notes due Jan. 1, 1966. **Price**—At face amount. **Proceeds**—For working capital. **Office**—610 S. Sixth St., Champaign, Ill. **Underwriter** — Hurd, Clegg & Co., Champaign, Ill.

★ Systron-Donner Corp.
Feb. 25 filed 442,700 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholder, W. K. Rosenberry. **Office** — 950 Galindo St., Concord, Calif. **Underwriter**—White, Weld & Co., New York.

● Tayco Developments, Inc. (3/8)
Dec. 23 filed 5,390 shares of common stock to be offered for subscription by common stockholders at the rate of ten-seventy-fifths of a share for each share held. **Price**—$28.75 per share. **Proceeds**—For working capital and to secure additional patents on present inventions, and to continue and expand research and development work in the field of liquid compressibility devices and other areas. **Office**—188 Webster St., North Tonawanda, N. Y. **Underwriter**—C. E. Stoltz & Co., New York.

● Taylor Devices, Inc. (3/8)
Dec. 23 filed 18,705 shares of common stock to be offered for subscription by common stockholders on the basis of six-tenths of one share for each share held. **Price**—$28.75 per share. **Proceeds** — To repay a short-term loan, for additional working capital, and to establish expanded executive sales and manufacturing personnel and to continue research and development, and the balance to lease or purchase additional factory and office space. **Office**—188 Webster St., North Tonawanda, N. Y. **Underwriter**—C. E. Stoltz & Co., New York.

Teletray Electronic Systems, Inc.
Jan. 27 filed 150,000 shares of class A common stock. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—880 Bonifant Street, Silver Spring, Md. **Underwriter**—A. T. Brod & Co., New York City. **Offering**—Expected in late March.

● Tenax, Inc. (3/21-25)
Feb. 16 filed 150,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For expansion of issuer's freezer and food sale business. **Office**—375 Park Avenue, New York City. **Underwriter**—Myron A. Lomasney, New York City.

★ Texaco, Inc.
Feb. 25 filed $61,610,000 of participations in the Employees Savings Plan of Texaco, Inc., and 820,782 shares of Texaco stock which may be acquired to pursuant to said plan. **Office**—135 East 42nd St., New York City.

★ Thermal Industries of Florida, Inc.
Feb. 26 filed 120,000 shares of common stock. **Price**—$6 per share. **Proceeds** — To be added to the company's general reserves. **Underwriter** — Peter Morgan & Co., New York.

Tip Top Products Co.
Feb. 11 filed $600,000 of first mortgage sinking fund bonds, series B, due December, 1969, (with warrants). Warrants attached to each $1,000 bond will entitle holders to purchase 20 shares of class A common stock at an initial price of $11 per share. **Price**—100% of principal amount. **Proceeds** — To pay $420,000 due to Western Electric Co., Inc.; and the balance for general corporate purposes. **Underwriters**—J. Cliff Rahel & Co., Omaha, Neb. and The First Trust Co. of Lincoln, Neb.

★ Tool Research & Engineering Corp.
Feb. 24 filed 350,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To pay the cash portion of recent acquisitions, and for working capital. **Office**—Beverly Hills, Calif. **Underwriter** — Shields & Co., New York.

Tower's Marts, Inc.
Aug. 28 filed 300,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To reduce indebtedness by about $300,000, with the balance to be added to working capital of the company and its subsidiaries. **Office**—210 East Main Street, Rockville, Conn. **Underwriters**—To be supplied by amendment.

★ Trail-A-Mix Co. of Sioux Falls, Inc.
Feb. 16 (letter of notification) 3,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For a plant and equipment site, improvements, additional trailers and freight, and operating capital. **Office**—700 S. 7th Ave., Sioux Falls, S. D. **Underwriter**—None.

Transcon Petroleum & Development Corp., Mangum, Okla.
March 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development of oil properties. **Underwriter**—First Investment Planning Co., Washington, D. C.

● Transworld Equipment Corp.
Jan. 25 (letter of notification) 139,882 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—119 W. 26th Street, New York 1, N. Y. **Underwriter**—Michael Fieldman, 82 Beaver Street, New York City. **Offering**—Expected in late March.

● Tri-State Petroleum Corp.
Nov. 12 (letter of notification) 199,900 shares of common stock (par five cents). **Price**—$1.50 per share. **Proceeds**—For expenses for drilling and producing oil. **Office**—1403 G. Daniel Baldwin Bldg., Erie, Pa. **Underwriter**—Daggett Securities Inc., Newark, N. J. **Offering**—Expected any day.

Tungsten Mountain Mining Co.
Feb. 15 (letter of notification) 50,000 shares of common stock (par $1) to be offered first for subscription by stockholders on the basis of one new share for each eight shares held. **Price**—$2 per share. **Proceeds**—For mining operations. **Office**—511 Securities Bldg., Seattle, Wash. **Underwriter**—H. P. Pratt & Co., Inc., Seattle, Wash.

★ **United Components, Inc.**
March 2 filed 110,000 shares of common stock, of which 10,000 shares are to be offered to Sheldon Leighton, a director, at $2.50 per share and the remainder is to be publicly offered. **Price**—To be supplied by amendment. **Proceeds** — For new equipment, advertising, and other general corporate purposes. **Office**—Orange, N. J. **Underwriter**—Darius, Inc., New York City.

★ **United Funds, Inc., Kansas City, Mo.**
Feb. 26 filed (by amendment) an additional 2,000,000 shares of United Accumulative Fund. **Proceeds**—For investment.

★ **Universal-Cyclops Steel Corp., Bridgeville, Pa.**
March 1 filed 200,000 shares of common capital stock. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's current funds. **Underwriter**—A. G. Becker & Co., Inc., New York and Chicago.

● **Universal Transistor Products Corp. (3/8)**
Dec. 18 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 36 Sylvester Street, Westbury, L. I., N. Y. **Underwriters**—Michael G. Kletz & Co., Inc. and Amos Treat & Co., Inc., New York, N. Y.

Variable Annuity Life Insurance Co. of America
April 21 filed $4,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. **Proceeds**—For investment, etc. **Office**—1832 M Street, N. W., Washington, D. C. **Underwriter**—None.

Vernitron Corp.
Feb. 2 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—136 Church St., New York, N. Y. **Underwriters**—J. A. Winston & Co., Inc.; Netherlands Securities Co., Inc. and V. K. Osborne & Sons, Inc., 40 Exchange Place, all of New York, N. Y.

★ **Wallson Associates, Inc.**
Feb. 26 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office**—912 Westfield Ave., Elizabeth, N. J. **Underwriters**—Russell & Saxe, and First Broad Street Corp., New York, N. Y.

Walnut Grove Products Co., Inc. (3/7)
Jan. 29 filed 300,000 shares of class A common stock (par $2), and $3,000,000 of 15-year 6½% sinking fund debentures, with warrants to purchase 50 class A common shares with each $1,000 debenture. **Price**—To be supplied by amendment. **Proceeds**—To repay bank borrowings of $4,500,000 and replenish working capital. **Office**—Atlantic, Iowa. **Underwriters**—First Trust Co., Lincoln, Neb., and Cruttenden, Podesta & Co., Chicago.

Waters Manufacturing, Inc.
Jan. 29 (letter of notification) 60,000 shares of common stock (par $1) of which 20,000 shares are to be offered by Robert A. Waters, President and the balance by the company. **Price**—$5 per share. **Proceeds**—For working capital. **Office**—533 Boston Post Road, Wayland, Mass. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

Wells Industries Corp.
Jan. 29 filed 300,000 shares of common stock and warrants for the purchase of an additional 100,000 shares. **Price** — To be supplied by amendment. **Proceeds** — $350,876 will be used to retire certain debts, with the remainder to be used for construction, equipment, and working capital. **Office**—6505 Wilshire Boulevard, Los Angeles, Calif. **Underwriter**—A. T. Brod & Co., New York City. **Offering**—Expected in late March.

West Branch Bell Telephone Co.
Jan. 28 filed 1,120 shares of common stock ($50 par) and $150,000 of 5% convertible subordinated debentures, due April 1, 1980, being offered to stockholders and employees of record Feb. 5 on the basis of $500 of debentures for each 10 common shares held; the stock is being offered on the basis of one new share for each five shares held, with 1,000 shares being offered to stockholders and the remaining 120 shares being offered to employees. Initial conversion price is $70 per share. **Prices**—For the debentures, at 100% of principal amount; for the common, to be supplied by amendment. **Proceeds**—For equipment and working capital. **Office**—31 South Main St., Muncy, Pa. **Underwriter**—Blair & Co., Inc., New York City.

★ **Western Airlines, Inc.**
March 1 filed 200,000 shares of capital stock, to be offered for subscription by holders of outstanding shares of such stock of record March 30. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Los Angeles, Calif. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith, Inc., New York City.

★ **Western Utilities Corp.**
March 1 filed 125,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To repay recent bank borrowings aggregating $800,000 and the balance will be used to provide additional working capital. **Office**—300 Montgomery St., San Francisco, Calif. **Underwriter**—Dean Witter & Co., San Francisco and New York.

● **Whitmoyer Laboratories, Inc. (3/21-25)**
Jan. 28 filed 85,000 shares of common stock and $500,000 of 6% subordinated debentures, due 1977, with warrants for the purchase of 10,000 additional common shares at $5 per share. **Price** — For the debentures, 100% of principal amount; for the 85,000 common shares, $6 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness, sales promotion, and equipment. **Office**—Myerstown, Pa. **Underwriter**—Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia, Pa.

Willer Color Television System, Inc.
Jan. 29 (letter of notification) 86,403 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—151 Odell Avenue, Yonkers, N. Y. **Underwriter**—Investment Brokers of N. J., Inc., 844 Broad Street, Newark, N. J.

Wynn Pharmacal Corp.
Jan. 29 (letter of notification) 4,380 shares of class B common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—To go to selling stockholders. **Office**—5051 Lancaster Ave., Philadelphia, Pa. **Underwriter**—Charles A. Taggart & Co., Inc., Philadelphia.

Wyoming Nuclear Corp.
Sept. 11 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—Noble Hotel Bldg., Lander, Wyo. **Underwriter**—C. A. Benson & Co., Inc., Pittsburgh, Pa.

● **Yuba Consolidated Industries, Inc. (3/15)**
Feb. 18 filed $6,000,000 of convertible subordinated debentures, due March, 1975. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—1 Bush St., San Francisco, Calif. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Prospective Offerings

Acoustica Associates, Inc.
Feb. 5 it was reported that this company will probably file an undetermined amount of common stock in April. **Office**—Glenwood Landing, L. I., N. Y. **Underwriter**—Lehman Brothers of New York City.

Alabama Power Co. (4/7)
Dec. 9 it was announced that this company plans registration with the Securities and Exchange Commission of $19,500,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Lehman Brothers; The First Boston Corp.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp. and Drexel & Co. (jointly). **Information Meeting**—Scheduled for April 4, 1960. **Bids**—Expected to be received on April 7. **Registration**—Scheduled for March 4.

★ **American Fletcher National Bank & Trust Co.**
March 3 it was announced that the bank has called a special meeting for March 17 to authorize 226,604 additional shares, of its stock which are to be offered to holders of record March 16 at the rate of one new share for each three owned; rights will expire April 4. **Proceeds**—To increase capital and surplus. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc. and Paine, Webber, Jackson & Curtis, both of New York; City Securities Corp., Collett & Co., Inc. and Indianapolis Bond & Share Corp. all of Indianapolis, Ind.

Applied Electronics Corp. of New Jersey
Feb. 23 it was announced that the company expects to register 200,000 shares of class A common stock, (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For the company's missile and space program. **Office**—22 Center Street, Metuchen, N. J. **Underwriter**—S. D. Fuller & Co., New York, N. Y. **Probable Offering**—End of March.

★ **Arco Electronics**
March 2 it was reported that on or about March 15 this company is expected to file approximately $500,000 of common stock. **Underwriter**—Michael G. Kletz & Co., of New York City.

Bank of California (3/29)
Feb. 10 it was announced that this Bank has called a special meeting of stockholders for March 29 to authorize the sale of 256,930 additional shares of stock. Stock will be offered to shareholders of record March 29 at the rate of one new share for each five shares then held; rights expire April 19. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif.

Black Hills Power & Light Co.
Feb. 11 it was announced that the Federal Power Commission has authorized this utility, of Rapid City, S. D., to issue 7,727 shares of common stock (par $1) as a 2% dividend to its present common holders. No fractional shares will be issued, and stockholders will have the option of buying the additional fractional interest required to make full shares, or to sell their fractional interests.

Bliss & Laughlin, Inc.
Jan. 27 it was reported that registration is imminent for 36,157 shares of common stock, to be exchanged for the outstanding shares of Sierra Drawn Steel Corp., Los Angeles, on the basis of 8/10 shares of Bliss for each of Sierra's 45,197 shares. **Office**—Harvey, Ill.

British Columbia Telephone Co.
Feb. 10 it was announced that this company will ask its stockholders at a special March 10 meeting to vote a new $12,000,000 issue of preferred. **Proceeds**—For acquisition of shares in similarly engaged companies. **Office**—Vancouver, B. C.

California Electric Power Co.
Feb. 3 it was reported that there might be some new financing in the second quarter of this year, probably in the form of bonds. **Proceeds**—For construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Kidder, Peabody & Co., and White, Weld & Co.

California-Pacific Utilities Co.
Feb. 8 it was reported to this newspaper by the First California Co. that they have been discussing new financing with this utility, to take place in the first quarter of this year, in the amount of approximately $750,000.

Carolina Power & Light Co. (4/5)
Feb. 8 it was reported that $25,000,000 of 30-year first mortgage bonds will be offered. **Office**—336 Fayetteville Street, Raleigh, N. C. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); W. C. Langley & Co. and First Boston Corp. (jointly); Kuhn, Loeb & Co. and Equitable Securities Corp. (jointly); Lehman Brothers; Blyth & Co. **Bids**—Expected to be received on April 5 at 11:00 a.m. **Information Meeting**—Scheduled for April 1 at 11:00 a.m.

Central Illinois Electric & Gas Co.
Feb. 3 it was reported that around July about $10,000,000 of first mortgage bonds will be filed. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Kidder, Peabody & Co., and White, Weld & Co. (jointly); First Boston Corp., Blair & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and Stone & Webster Securities Corp. (jointly).

★ **Cincinnati Gas & Electric Co.**
March 2 it was reported that company is contemplating new financing, probably in the form of bonds. **Underwriter**—To be determined by competitve bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and W. E. Hutton & Co. (jointly); Blyth & Co. and First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. and Lehman Brothers (jointly); Eastman Dillon, Union Securities & Co., and White, Weld & Co. (jointly).

Coffee House, Inc., Lansing, Mich.
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** — To build chain of coffee houses, establish commissaries and for general corporate purposes. **Office** — 1500 Clifton Ave., Lansing, Mich. **Offering** — Expected in April; underwriter to be announced.

● **Columbia Gas System Inc. (5/5)**
Feb. 24 it was reported that this company plans to file $25,000,000 of debentures sometime in April. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., and White, Weld & Co. (jointly); Morgan Stanley & Co. **Bids**—Expected to be received on May 5.

Commonwealth Edison Co.
Feb. 9 it was reported that there is expected to be about $30,000,000 of 30-year first mortgage bonds filed, probably within the next six months. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Glore, Forgan & Co.

Consolidated Research & Mfg. Corp.
Dec. 16 it was reported that this firm, founded last August as a Delaware corporation, plans its first public financing in the form of a common stock offering scheduled for next spring. **Business**—The company produes spray containers to combat ice, snow, and fog. **Proceeds**—For expansion. **Office**—1184 Chapel St., New Haven, Conn. **President**—Marvin Botwick.

★ **Consumers Power Co.**
March 2 it was reported that this company is planning to raise new funds probably from the sale of first mortgage bonds and debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co. and Shields & Co. (jointly); First Boston Corp. and Harriman, Ripley & Co. (jointly).

Electrada Corp.
Feb. 3 it was reported that this company is planning financing sometime in the Spring. **Office** — Beverly Hills, Calif. **Underwriter**—Bache & Co. of New York City and Beverly Hills, Calif.

Electronic Development Corp. of Florida
Feb. 15 it was reported that this company is planning to file via a "Regulation A" 150,000 shares of common stock. **Price**—Reported to be $2 per share. **Underwriter**—T. M. Kirsch & Co. (managing underwriter); A. J. Frederick Co. Inc. and Street & Co., Inc. **Offering**—Expected in about three to four weeks.

Englehard Industries, Inc.
Dec. 2 it was reported that this Newark, N. J., corporation might make an announcement in the next two weeks concerning a forthcoming issue of common stock. Although no confirmation has been forthcoming, it is understood that auditors visited the company in late December. Registration is still believed likely in the near future.

★ **Federal Paper Board Co., Inc.**
Feb. 26 under a merger agreement between this company and Manchester Board & Paper Co., Inc., of Richmond, Va., each share of Manchester's 300,000 shares of outstanding stock is exchangeable for 0.38 common shares and 0.81 shares of 4.6% cumulative preferred, $25 par, stock of Federal Paper Board. The conversion will require issuance of 114,000 additional shares of Federal common stock and 243,000 shares of preferred stock.

Georgia Power Co. (11/3)
Dec. 9 it was announced that the company plans registration of $12,000,000 of 30-year first mortgage bonds with the SEC. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart &

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Co. Inc.; Morgan Stanley & Co.; Equitable Securities Corp., and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Registration**—Scheduled for Sept. 26. **Bids**—Expected to be received on Nov. 3. **Information Meeting**—Scheduled for Oct. 31.

Gulf Power Co. (7/7)
Dec. 9 it was announced that the company plans registration with the SEC of $5,000,000 first mortgage 30-year bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Salomon Bros. & Hutzler, and Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co. **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration** — Scheduled for June 3.

Gulf Power Co. (7/7)
Dec. 9 it was announced that the company plans registration of 50,000 shares of preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co.; Eastman Dillon, Union Securities & Co., and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration**—Scheduled for June 3.

Haloid Xerox, Inc.
Feb. 18 it was reported that this company indicated at the time of its stock split that it would need to undertake some new financing, and would probably do so sometime between now and July. **Underwriter**—First Boston Corp.

Hamilton Management Corp.
Feb. 3 it was reported that an undetermined amount of non-voting common stock may possibly be registered the week of Feb. 23. **Office**—Denver, Colo. **Underwriter**—Kidder, Peabody & Co., New York City. **Offering** — Expected in mid-March.

Harvey Aluminum Co., Torrance, Calif.
It was reported late last year that this firm—the old Harvey Machine Co. — is planning its initial public financing for the Spring. **Underwriters**—Kuhn, Loeb & Co. (managing) and Tucker, Anthony & R. L. Day, both of New York City.

Hawaiian Telephone Co.
Aug. 3 it was reported company received approval from the Territorial Public Utilities Commission to issue about $4,500,000 of new bonds. Last bond issues were placed privately.

Hayes Aircraft Corp.
Feb. 12 it was reported that an issue of convertible debentures is contemplated in the next few months. **Office**—Birmingham, Ala. **Underwriter** — Sterne, Agee & Leach, Birmingham, Ala.

Houston Lighting & Power Co.
Feb. 18 it was reported that this company expects to raise about $35,000,000 from the sale of an undetermined type of security sometime in 1960. Probable groups: Blyth & Co. and Lazard Freres & Co. and First Boston Corp. (jointly); Lehman Brothers and Eastman Dillon, Union Securities & Co. and Salomon Brothers & Hutzler (jointly).

Independent Radio, Inc., Lansing, Mich.
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of radio stations. **Business** — Radio broadcasting. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—In New York, to be named.

Iowa-Illinois Gas & Electric Co. (4/13)
Feb. 24 it was reported that this company will offer $15,-000,000 of 30 year first mortgage bonds. **Price**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co, Inc., Lehman Brothers and Glore, Forgan & Co. (jointly); Harriman Ripley & Co., Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Equitable Securities Corp.; Blyth & Co. **Bids**—To be received up to 10:30 a.m. (CST) in Chicago, Ill., on April 13.

● Jersey Central Power & Light Co. (5/24)
Feb. 18 it was reported that on May 24 this utility is planning to offer $7,000,000 of first mortgage bonds. **Price**—To be supplied by competitive bidding. Probable bidders: Eastman Dillon, Union Securities & Co. (managing the books), Salomon Bros. & Hutzler, and Merrill Lynch, Pierce, Fenner & Smith (jointly); Stone & Webster Securities Corp.; W. C. Langley & Co.; F. S. Moseley & Co.; Reynolds & Co.; Shearson, Hammill & Co.; Dean Witter & Co.; First Boston Corp.; Wood, Struthers & Co.; Bioren & Co.; DeHaven & Townsend, Crouter & Bodine; Greene, Ellis & Anderson, and Steele & Co. (jointly).

● Kenrich Petrochemicals, Inc.
Jan. 20 it was reported that March registration is expected of $175,000 of convertible debentures and 55,000 shares of common stock. **Prices**—To be supplied by amendment. **Proceeds**—For the expansion of manufacturing facilities. **Office** — Maspeth, Queens, L. I., N. Y. **Underwriter** — First Philadelphia Corp., 40 Exchange Place, New York City.

★ Lee Way Motor Freight, Inc.
March 1 it was announced that this Oklahoma City-based motor carrier, which operates in the South and Mid-West, expects to make a secondary distribution of 175,100 shares of its common stock. **Proceeds**—To selling stockholder. **Underwriters**—F. Eberstadt & Co., New York, and Shillinglaw, Bolger & Co., Chicago, Ill. **Offering**—Expected wthin two weeks.

Mac Panel Co.
Feb. 15 it was reported that the 200,000 shares of common stock that were expected to be filed the week of Feb. 8, have been indefinitely postponed. **Note**—It was reported that shareholders of Adams-Millis Corp. and its partially-owned subsidiary Mac Panel, will vote on March 23 on a plan to exchange three shares of Adams-Millis common for four shares of Mac Panel common. **Office**—High Point, N. C. **Underwriter**—Bache & Co., New York City and Charlotte, N. C.

Middle South Utilities, Inc.
Feb. 16 the company's Board of Directors authorized the filing with the Securities and Exchange Commission of a registration statement for the issuance and sale through competitive bidding of 650,000 shares of common stock. **Proceeds**—Primarily for investment in operating companies. **Underwriter**—To be determined by competitive bidding.

Mountain States Telephone & Telegraph Co. (4/12)
Feb. 8 it was reported that $40,000,000 of debentures will be offered. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart Co. Inc.; First Boston Corp; and Morgan Stanley & Co., all of New York City. **Bids**—To be received on April 12.

★ Nafi Corp.
Feb. 24 it was announced that the company plans to sell, following the purchase of the Chris-Craft stock, approximately 200,000 shares of its capital stock to the public for cash, subject to market conditions. **Proceeds**—To finance the acquisition. **Office**—Oakland 4, Calif.

National Fuel Gas Co. (4/11)
Feb. 9 it was reported that there is expected to be filed $18,000,000 of debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp.; First Boston Corp. **Information Meeting**—April 7, at 11:00 a.m. **Bids**—Expected to be received on April 11. **Registration**—Scheduled for March 2.

National Mail Order Co., Lansing, Mich.
Oct. 5 it was announced company plans to register an issue of 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—To be named later in New York State.

Nedick's Stores, Inc.
Nov. 12 it was reported that the company is contemplating the placing in registration of 17,000 shares of common stock. About 66% of the issue will be sold for the company's account and the remaining 34% balance will be sold for the account of a selling stockholder **Underwriter**—Van Alstyne, Noel & Co., New York.

New Jersey Power & Light Company
Feb. 17 it was reported that this utility is planning the sale of $6,000,000 of first mortgage bonds, due in 1990. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly). **Bids**—To be received in July.

Pacific Power & Light Co.
Jan. 29 it was announced that the company plans to issue at least $20,000,000 of securities, the date and form of which will be announced at a later date. **Proceeds**—To retire $20,000,000 of unsecured promissory notes, to mature on or prior to July 31, 1961. The notes will be issued to finance part of the issuer's 1960-61 construction expenditures, which are expected to total about $61,000,000. **Office**—Portland, Ore.

● Pennsylvania Electric Co.
Feb. 24 it was reported that in May this utility is expected to sell $11,000,000 of first mortgage bonds, due in 1990. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., Eastman Dillon, Union Securities & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); First Boston Corp.; Harriman Ripley & Co. and Blyth & Co. (jointly); Equitable Securities Corp.

● Potomac Electric Power Co.
Feb. 18 it was reported that there will be an undetermined amount of debt financing by this utility sometime in 1960. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Dillon, Read & Co. and Johnston, Lemon & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Eastman Dillon & Union Securities & Co. and Stone & Webster Securities Corp. (jointly).

Public Service Electric & Gas Co.
Feb. 24 it was reported that this company is planning an undetermined type of financing of approximately $85,000,000, sometime this year. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc.

Puget Sound Power & Light Co.
Jan. 15 the Federal Power Commission announced they had authorized the Seattle, Wash., utility to issue up to $25,000,000 in unsecured promissory notes outstanding at any one time, to be issued in varying amounts beginning Feb. 1, all such notes to mature July 31, 1961. The interest will be equal to the prime rate for New York City commercial bank loans at the time of the borrowings. **Proceeds**—To discharge all notes outstanding under a previous credit agreement, to reimburse the issuer's treasury for construction expenditures, and to provide temporary financing for future construction.

South Carolina Electric & Gas Co.
June 22, S. C. McMeekin, President, announced plans to sell approximately $8,000,000 of bonds in December, 1959. **Proceeds**—To repay bank loans incurred for current construction program. Previous issues have been placed privately. **Note**—On Dec. 31 Mr. McMeekin told this newspaper he does not know whether the bonds will be placed privately. He expects them to be sold this summer; the precise timing will be subject to market conditions.

Southern Electric Generating Co. (6/2)
Dec. 9 it was announced that this company plans registration with the SEC of $40,000,000 of 30-year first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc. (jointly); Morgan Stanley & Co.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp., and Drexel & Co. (jointly); The First Boston Corp. **Information Meeting**—Scheduled for May 31, 1960. **Bids**—Expected to be received on June 2. **Registration**—Scheduled for April 29.

Southern Union Gas Co.
Feb. 5 it was reported that $11,000,000 in new financing is planned for the late Spring of this year, of an undetermined type. **Underwriters** — A. C. Allyn & Co., and Snow, Sweeney & Co., both of New York City.

Tampa Electric Company
Feb. 2 it was stated in this company's prospectus of its most recent offering, that it contemplates some additional permanent financing in 1960. The exact nature and amount of this financing has not been determined but the company presently believes it will take the form of senior securities.

Tennessee Valley Authority (7/1)
Jan. 20 announced that, pursuant to August, 1959, authorization from Congress to have $750,000,000 of revenue bonds outstanding at any one time, it plans its first public offering, expected to be about $50,000,000, for July 1, 1960. Probable bidders: First Boston Corp. (managing), Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co., and Lazard Freres & Co. Power Financing Officer: G. O. Wessenauer.

★ Texas Eastern Transmission Co.
March 2 it was reported that this company plans the sale of senior securities in the amount of approximately $30,000,000, sometime in the second quarter of the year. **Underwriter**—Dillon, Read & Co., New York City.

Transcontinental Gas Pipe Line Corp.
Sept. 29 it was announced that the company plans to come to market twice in 1960 with the sale of first mortgage bonds, and common and preferred stock. **Proceeds**—To raise permanent funds for the financing of its 1960 expansion program. **Office**—Houston, Texas.

Utah Power & Light Co.
Feb. 3 it was reported that toward the end of this year there is expected to be some financing by this company of about $25 million of bonds and common stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. and First Boston Corp. (jointly); White, Weld & Co.; Stone & Webster Securities Corp. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co. and Smith Barney & Co. (jointly); Lehman Bros.; Bear, Stearns & Co.

● Valley National Bank
Feb. 18 it was reported that the bank will offer shareholders rights to purchase 139,988 additional common shares on the basis of one new share for each 15 shares held of record March 11; rights expire April 8. **Price**—$43 per share. **Proceeds** — For expansion. **Office** — Phoenix, Ariz.

Virginia Electric & Power Co. (9/13)
Feb. 5 it was reported that approximately $25,000,000 first mortgage bonds will be offered for sale. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp. **Bids**—Expected to be received on Sept. 13.

● West Penn Electric Co. (4/12)
Feb. 5 it was reported that about $10,000,000 in common stock will be filed. **Underwriters**—To be determined by competitive bidding. Probable bidders: Carl M. Loeb, Rhoades & Co.; W. C. Langley & Co. and First Boston Corp. (jointly); Lehman Brothers and Goldman, Sachs & Co. (jointly). **Bids**—To be received April 12.

● Wisconsin Electric Power Co.
Feb. 9 it was reported that this company is planning about $25,000,000 in new financing, probably in the form of bonds, for sometime on 1960. **Underwriter**—To be determined by Competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith and Equitable Securities Corp. (jointly); Glore, Forgan & Co. and Eastman Dillon, Union Securities & Co. and Harriman Ripley & Co. (jointly); First Boston Corp.; Lehman Brothers and Salomon Bros. & Hutzler (jointly).

★ Wisconsin Telephone Co.
March 2 it was reported that this company plans the sale of $20,000,000 of debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co.

Businessman's BOOKSHELF

Oil Stocks—Special subscription offer including Petroleum Edition of Value Line Survey reporting on major petroleum, natural gas and coal stocks, with mathematically derived rankings for probable performance in next 12 months plus study "Security Selections during a Period of Inflation" and summary of advice on 804 major stocks—$5.00—Value Line Investment Survey, Dept. CFC-1, Value Line Survey Building, 5 East 44th St., New York 17, N. Y.

Peace and Friendship in Freedom: President Eisenhower's Visit to 11 Countries in Europe, Asia and Africa—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 25 cents.

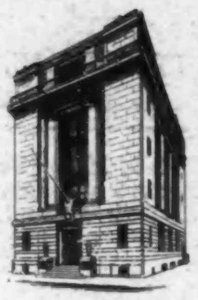
Potential Economic Growth in the United States—James W. Knowles and Charles B. Warden, Jr.—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 20¢.

Promise of Economic Growth—Chamber of Commerce of the United States, Washington, D. C. (paper), $1 (quantity prices on request).

Railroad Safety—Report of Section of Railroad Safety, Bureau of Safety and Service, to the Interstate Commerce Commission—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 15¢.

Saskatchewan Prospects for Growth—Digest of the complete economic report on Saskatchewan compiled by the Stanford Research Institute — Full Report available at a cost of $2.00 per copy — Industrial Development Office, Regina, Sask., Canada.

DIVIDEND NOTICES



AMERICAN BANK NOTE COMPANY

PREFERRED DIVIDEND No. 216
COMMON DIVIDEND No. 206

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending March 31, 1960 and a dividend of 30¢ per share on the Common Stock have been declared. Both dividends are payable April 1, 1960 to holders of record March 7, 1960. The stock transfer books will remain open.

LOUIS T. HINDENLANG
Secretary and Treasurer

February 24, 1960

BENEFICIAL FINANCE CO.

123rd CONSECUTIVE QUARTERLY CASH DIVIDEND

The Board of Directors has declared a quarterly cash dividend of

$.25 per share on Common Stock

payable March 31, 1960 to stockholders of record at close of business March 11, 1960.

Over 1,200 offices in U. S., Canada and England

BENEFICIAL FINANCE SYSTEM

Wm. E. Thompson
Secretary
March 1, 1960

152ND DIVIDEND

CIT FINANCIAL CORPORATION

A quarterly dividend of $0.65 per share in cash has been declared on the Common Stock of C. I. T. FINANCIAL CORPORATION, payable April 1, 1960, to stockholders of record at the close of business March 10, 1960. The transfer books will not close. Checks will be mailed.

C. JOHN KUHN,
Treasurer

February 25, 1960.

CONTINENTAL BAKING COMPANY

Preferred Dividend No. 85

The Board of Directors has declared this day a quarterly dividend of $1.37½ per share on the outstanding $5.50 dividend Preferred Stock, payable April 1, 1960, to stockholders of record at the close of business March 11, 1960.

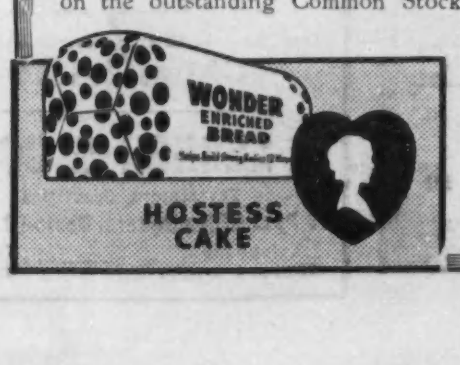
Common Dividend No. 60

The Board of Directors has declared this day a regular quarterly dividend, for the first quarter of the year 1960, of 55¢ per share on the outstanding Common Stock, payable April 1, 1960, to holders of record of such stock at the close of business March 11, 1960.

The stock transfer books will not be closed.

WILLIAM FISHER
TREASURER

February 25, 1960



DIVIDEND NOTICES

CSC

COMMERCIAL SOLVENTS *Corporation*

DIVIDEND NO. 101

A dividend of ten cents (10¢) per share has today been declared on the outstanding common stock of this Corporation, payable on March 31, 1960, to stockholders of record at the close of business on March 4, 1960.

A. R. BERGEN
Secretary.

February 23, 1960.

CANADA DRY

Canada Dry Corporation

DIVIDEND NOTICE

The following dividends have been declared by the Board of Directors:

Preferred Stock—A regular quarterly dividend of $1.0625 per share on the $4.25 Cumulative Preferred Stock, payable April 1, 1960 to stockholders of record at the close of business on March 14, 1960.

Common Stock—A quarterly dividend of $0.25 per share on the Common Stock, payable April 1, 1960 to stockholders of record at the close of business on March 14, 1960.

Transfer books will not be closed. Checks will be mailed.

J. W. REILLY, *Vice Pres. & Secy.*

ANACONDA

DIVIDEND NO. 207

February 25, 1960

The Board of Directors of **THE ANACONDA COMPANY** has today declared a dividend of Fifty Cents ($.50) per share on its capital stock of the par value of $50 per share, payable March 31, 1960, to stockholders of record at the close of business on March 7, 1960.

R. E. SCHNEIDER
Secretary and Treasurer
25 Broadway, New York 4, N. Y.

AMPHENOL ★ BORG ★

DIVIDEND NOTICE

BROADVIEW, ILLINOIS—At a meeting of the Board of Directors of Amphenol-Borg Electronics Corporation held today a quarterly dividend of thirty-five cents (35¢) per share was declared payable March 30, 1960, to the stockholders of record at the close of business March 16, 1960.

FRED G. PACE, *Secretary*

February 23, 1960

DIVIDEND NOTICES

CERRO DE PASCO CORPORATION

Cash Dividend No. 159

The Board of Directors of Cerro de Pasco Corporation at a meeting held on March 1, 1960, declared a cash dividend of twenty-five cents (25¢) per share on the Common Stock of the Corporation, payable on March 31, 1960, to stockholders of record on March 22, 1960.

MICHAEL D. DAVID
Secretary

300 Park Avenue
New York 22, N. Y.

LONG ISLAND LIGHTING COMPANY

LIL

QUARTERLY DIVIDEND

PREFERRED STOCK

The Board of Directors has declared the following quarterly dividends payable April 1, 1960 to holders of Preferred Stock of record at the close of business on March 7, 1960.

Series	*Per Share*
Series B, 5%	$1.25
Series D, 4.25%	$1.0625
Series E, 4.35%	$1.0875
Series F, 4.35%	$1.0875
Series G, 4.40%	$1.10

VINCENT T. MILES
Treasurer

February 24, 1960

ELECTRIC BOND AND SHARE COMPANY

New York, N. Y.

Notice of Dividend

The Board of Directors has declared a quarterly dividend of thirty cents (30¢) a share on the Common Stock, payable March 30, 1960, to shareowners of record at the close of business on March 9, 1960.

B. M. BETSCH,
Secretary and Treasurer

February 25, 1960.

INTERNATIONAL SHOE COMPANY

ISCO

St. Louis

196TH CONSECUTIVE DIVIDEND

Common Stock

A quarterly dividend of 45¢ per share payable on April 1, 1960 to stockholders of record at the close of business March 11, 1960, was declared by the Board of Directors.

ROBERT O. MONNIG
Vice-President and Treasurer

February 23, 1960

DIVIDEND NOTICES

TEXAS GULF SULPHUR COMPANY

154th Consecutive Quarterly Dividend

The Board of Directors has declared a dividend of 25 cents per share on the 10,020,000 shares of the Company's capital stock outstanding and entitled to receive dividends, payable March 15, 1960, to stockholders of record at the close of business February 29, 1960.

E. F. VANDERSTUCKEN, JR.,
Secretary.

THE *West Penn Electric Company*

(Incorporated)

Quarterly Dividend

on the

COMMON STOCK

42½¢ PER SHARE

Payable March 31, 1960
Record March 11, 1960
Declared March 2, 1960

WEST PENN ELECTRIC SYSTEM
Monongahela Power Company
The Potomac Edison Company
West Penn Power Company

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.

153rd DIVIDEND DECLARATION

The Board of Directors of this company today declared a cash dividend of Fifty Cents (50¢) a share on the capital stock. This cash dividend will be paid March 28, 1960 to stockholders of record at the close of business March 7, 1960.

A K Hatfield
Treasurer

March 1, 1960

Pullman Incorporated

—395th Dividend—
94th Consecutive Year of Quarterly Cash Dividends

A quarterly dividend of one dollar ($1.00) per share will be paid on March 14, 1960, to stockholders of record March 1, 1960.

CHAMP CARRY
President

Division and Subsidiaries:
Pullman-Standard division
The M. W. Kellogg Company
Trailmobile Inc.
Trailmobile Finance Company
Swindell-Dressler Corporation
Transport Leasing Company

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—An interesting and highly significant development, practically unnoticed thus far, is taking place in the Democratic Presidential picture.

Senate Majority Leader Lyndon B. Johnson of Texas, who has been challenging Senator John F. Kennedy of Massachusetts for the front running position for the nomination, is slipping.

If the slide continues, and there is every indication that it will continue for some time to come, Senator Stuart Symington may wind up battling Mr. Kennedy for the nomination at the beginning of the Los Angeles convention rather than as a compromise candidate in a deadlock between Mr. Kennedy and Mr. Johnson.

Senator Johnson obviously is playing up to the so-called liberal bloc in an effort to attract Northern Democratic delegate votes. He feels that he will be able to take the South without too much trouble on the theory that the Southern professional politicals are looking for a place to land, and they have no other place to go. He could be wrong, but only time will tell.

Texan in Trouble

The tall Texan's strategy may begin to backfire. Even before he announced that he intended to press for around-the-clock sessions of the Senate, if necessary in order to pass some civil rights legislation, he may have gotten into hot water.

None of his Southern Senate colleagues has really lashed out at Mr. Johnson. Many people feel that the stand being taken by Senators Richard B. Russell, leader of the Southern bloc, and others, was sort of a sham.

While this was going on, however, there was a blast from one of the strongest political figures in Mississippi. Representative John Bell Williams, apparently expressing the majority sentiments of the people of his district, one of the largest in the South, declared flatly and publicly that he wanted no part of the Senate majority leader. Mr. Williams' statement may be the forerunner of others.

"The people of the South have more respect for a Carpetbagger, than they do for a Scalawag," said the Mississippi Congressman in referring to the Texas Senator.

"I think more Southern people would rather vote for Adam Clayton Powell, the Negro Congressman from Harlem, than to vote for Lyndon Johnson."

Senator Johnson, who has theoretically moved his domicile way out in the West, probably just this side of the Rockies, in order not to be closely identified with the South, probably could take a majority of the Southern delegates as of now, but judging by letters and private statements from Southern visitors on Capitol Hill the number of supporters is dwindling.

The only way Johnson can hope to capture enough delegates to win the convention would be to take nearly all of the Southern delegates, plus scattered votes from the other parts of the country, and the West in particular.

Kefauver's Chances Nil

Another Southern Presidential aspirant, Senator Estes Kefauver of Tennessee, joined so-called liberal forces four years ago. While the likeable Senator did a good job of selling himself to people in the North, he wound up as a Vice-Presidential nominee, running with former Governor Adlai E. Stevenson of Illinois.

The facts are Senator Kefauver was dumped by Southern delegates all the way from the Potomac River to El Paso, Texas and the Arizona border. No Southern Senator has ever given support to civil rights except those who have had their sights on either the Presidential or Vice-Presidential offices.

With both Republicans and the Democratic leadership trying to outdo each other in an effort to capture the liberal voting blocs in this country before political convention time, the election year Congress is going to have some sharp, knock-down, drag-out sessions.

Senator Johnson, who came to Congress as a personal friend of President Roosevelt and voted for many of the New Deal measures while in the House, and later supported President Truman, is champing at the bit. He would like to become the first "Southerner" from the "West" to be President since the Civil War. House Speaker Sam Rayburn is for his fellow Texan.

Symington Good Compromise Choice

Senator Symington, 58, and like Mr. Johnson, stands six feet and three inches, has hurt himself blasting away with statements that our National Defense has gone to pot. Otherwise he has done a fair selling job in Democratic circles.

Like Mr. Johnson, Senator Symington had a grandfather to fight in the Confederate Army. Next to Senator Kennedy, he is the wealthiest man running for the Presidency. He is running like Johnson, unannounced.

Perhaps one of the reasons that Senator Symington has been edging up the ladder a bit, slow that it may be, is the growing belief within the party that he could hold the South, Labor and the Negro vote together, and thus let the Democrats recapture the White House after eight years in the hands of the Republicans.

Just about any way you look at it, Stu Symington appears to be the man who is the most likely compromise candidate for the nomination. However, Senator Kennedy hopes to be so far ahead of his rivals at the time the Los Angeles convention is rapped formally to order on July 11 that the delegates will settle on him without a fight.

Kennedy vs. Humphrey

Senator Kennedy has made a vigorous campaign. Right now he and Senator Hubert H. Humphrey of Minnesota are fighting it out for top place in the Wisconsin preferential primary. Nearly everybody in politics knows that his father, Joseph Kennedy, made a fortune many years ago and subsequently gave each child $1,000,000 each. Neither is it a secret that the former Ambassador to Court of St. James in London is spending a substantial sum of money to get his son nominated.

Back in the cloak room of the Senate, and at social functions, Senator Kennedy's colleagues have kidded him, good-naturedly of course, about his new "hair do" designed to make him look a little older. Some of his close supporters have felt that his youth—he will be 43 before convention time—and the fact that he is a member of the Catholic faith, might hurt him a great deal. The Senator himself assertedly does not feel that about either question.

Stevenson Again?

There may not be any substance at all to a statement attributed to former Governor Stevenson, who has been touring in Latin America. Nevertheless, there has been making the rounds in Washington, a report that Mr. Stevenson would like very much to run for the Presidency against Vice-President Nixon.

The ex-governor, who could not make it in two previous times out, is quoted as saying: "I'd really like to run against someone I could beat."

Obviously, such a statement, if correct, could only mean that he believes that he could beat Vice - President Richard M. Nixon. Mr. Nixon is not a big name war hero like General Eisenhower. Mr. Nixon, the second of five sons in a Quaker family, appears certain to be the Republican nominee.

It was a long time in this country before the people knew which political party President Eisenhower preferred, before he threw his lot with the Republicans to beat Senator Robert A. Taft, of Ohio, a son of a President, for the nomination.

In a little more than 10 months, President and Mrs. Eisenhower will be moving out of the White House forever. Then the 35th President of the United States will move in with his family.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

"I told you yesterday, Sir, just as soon as we declare the dividend we'll let the stockholders know!"

COMING EVENTS

IN INVESTMENT FIELD

March 6-9, 1960 (Toronto, Can.)
Prospectors and Developers Association 28th annual meeting and convention at the Royal York Hotel.

March 11, 1960 (Kansas City, Mo.)
Southwestern Group of the Investment Bankers Association annual spring meeting at the Kansas City Club.

March 11, 1960 (Dallas, Tex.)
Dallas Security Dealers Association annual gin rummy tournament at the Engineers Club.

March 16-17, 1960 (Chicago, Ill.)
Central States Group of Investment Bankers Association of America at the Drake Hotel.

Mar. 25-26, 1960 (Chicago, Ill.)
Chicago Chapter American Statistics Association & Chicago Association of Commerce & Industry 7th annual Mid-West Conference at Congress Hotel.

April 8, 1960 (New York City)
New York Security Dealers Association 34th annual dinner in the Grand Ballroom of the Hotel Biltmore.

April 8, 1960 (Toronto, Canada)
Toronto Bond Traders Association 28th annual dinner at the King Edward Hotel.

April 10-11-12, 1960 (Dallas, Tex.)
Texas Group of Investment Bankers Association of America 25th annual meeting at the Sheraton Dallas.

April 10-15, 1960 (Philadelphia, Pa.)
Institute of Investment Banking, Wharton School of Finance & Commerce, University of Pennsylvania.

April 28-29, 1960 (St. Louis, Mo.)
St. Louis Municipal Dealers Group Spring Party: Luncheon at Missouri Athletic Club, cocktail party and banquet at Park Plaza Hotel, April 28; Field Day at Glen Echo Country Club, April 29.

April 29, 1960 (New York City)
Security Traders Association of New York annual dinner at the Waldorf Astoria.

May 9-10, 1960 (Atlanta, Ga.)
Association of Stock Exchange Firms meeting of Board of Governors at Hotel Atlanta Biltmore.